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CANCELING MACHINES

No. 73

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
U. S. COMMITTEE ON EXPENDITURES IN THE
POST OFFICE DEPARTMENT

593
332
Part 1

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 109

TO INVESTIGATE THE POST OFFICE
DEPARTMENT

JANUARY 2, 3, 4, 6, 7, AND 8, 1913



WASHINGTON
GOVERNMENT PRINTING OFFICE
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SUBCOMMITTEE.

Hon. WALTER I. McCox, of New Jersey.

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CANCELING MACHINES.

SUBCOMMITTEE OF COMMITTEE ON EXPENDITURES
IN THE POST OFFICE DEPARTMENT,
HOUSE OF REPRESENTATIVES,
Thursday, January 2, 1913.

The subcommittee met at 10.45 a. m., Hon. Walter I. McCoy presiding.

Mr. McCoy. I offer copy of letter of September 21, 1912, directed to the postmaster at St. Paul and signed by Dr. Grandfield.

Said letter, marked "Exhibit 176," follows:

EXHIBIT No. 176.

SEPTEMBER 21, 1912.

POSTMASTER, *St. Paul, Minn.*

SIR: With reference to the Cummins pick-up table which was received at your office about the 1st of July, 1912, you are authorized, in view of the length of time since the table was ordered from the company and the fact that the contractor is under bond to the Government for the satisfactory fulfillment of the contract, to forward at once to the company \$1,000 as part payment for the table.

You are requested to report to this office as promptly as possible in regard to the operation of the table, as indicated in the department's letter dated June 21, 1912.

Respectfully,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

FFH-MFM.

Letter of September 23, 1912, from the postmaster of St. Paul to the First Assistant Postmaster General.

Said letter, marked "Exhibit 177," follows:

EXHIBIT No. 177.

UNITED STATES POST OFFICE,
EXECUTIVE DIVISION,
St. Paul, Minn., September 23, 1912.

SIR: I beg to acknowledge receipt of yours dated September 21, 1912, initialed "CH" directing me to forward at once to the B. F. Cummins Co. \$1,000 as part payment on the pick-up table.

It would naturally seem, without an explanation, that this office was negligent in reporting on the operation of this table. It is true it was received on the 3d of July, 1912. We were unable to set it up until the Treasury Department made certain changes in the building and made the necessary current connections.

In order to place this table it was necessary to move the platform and office of the superintendent of mails. I made my first request for such change on June 29, 1912. The necessary changes were not made until August 25, 1912. The table is now set up and in operation and works very satisfactorily.

We are now adjusting and arranging our collection service so as to utilize the pick-up table to the best advantage and feel confident of excellent results. It will be especially valuable to us in connection with the automobile collection which you recently authorized as an experiment. I hope to have a definite proposition to begin the 1st

of October. As soon as I get the proposition, which I expect in a few days, I will report.

I regret exceedingly the delay in the report on the pick-up table, but I feel that it was not our fault.

Very truly, yours,

E. YANISH, *Postmaster.*

FIRST ASSISTANT POSTMASTER GENERAL,
Division of Salaries and Allowances, Washington, D. C.

Letter of October 12, 1912, from the postmaster of St. Paul to the First Assistant Postmaster General.

Said letter, marked "Exhibit 178," follows:

EXHIBIT No. 178.

UNITED STATES POST OFFICE,
EXECUTIVE DIVISION,
St. Paul, Minn., October 12, 1912.

FIRST ASSISTANT POSTMASTER GENERAL,
Division of Salaries and Allowances, Washington, D. C.

SIR: I beg to acknowledge receipt of yours dated October 9, 1912, initialed "CH" authorizing this office to make an expenditure of \$1,550 for one Cummins pick-up table including stacking mechanism and motor; \$1,000 of this amount was heretofore authorized and has been paid, leaving a balance due of \$550.

I thought it advisable to inform you that before paying this balance we think the motor is a little too light for running this machine. The table works all right under ordinary conditions, but it does not take much to stop it. The Cummins Co. is aware of this and stated that they would exchange the motor for a heavier one as soon as they were finished. Kindly advise me whether to remit the balance of \$550 or whether I shall defer paying this balance until the heavier motor is supplied.

The Cummins pick-up table was placed in satisfactory operation about the 15th of September, 1912, but it seems the weakness in the motor did not become apparent until after the 1st of October, when we changed our collection system and utilized the table at short periods to the full capacity. In all other respects the table works very satisfactorily. Awaiting further instructions, I am,

Very truly, yours,

E. YANISH, *Postmaster.*

Copy of letter of October 16, 1912, signed by E. T. Bushnell, Acting First Assistant Postmaster General, addressed to the postmaster at St. Paul, Minn.

Said letter, marked "Exhibit 179," follows:

EXHIBIT No. 179.

OCTOBER 16, 1912.

POSTMASTER, *St. Paul, Minn.*

SIR: In reply to your communication of the 12th instant relative to the final payment of \$550 for the Cummins pick-up table recently placed in operation in your office, in which you state that the motor forwarded with the table is a little too light for operating it and that the B. F. Cummins Co. has informed you that it would be exchanged for a heavier one as soon as they were finished, I beg to state that in several previous instances the motors originally furnished proved to be too light for operating the tables and were subsequently exchanged by the Cummins Co. for heavier motors which have since that time operated the tables satisfactorily.

Therefore, in view of the fact that the contractor is required to provide a satisfactory motor to operate the table and as the company is under bond to the Government for the complete fulfilment of its contract, you are informed that payment for the balance due the company may properly be made at this time. It is of course understood that the company will make the substitution of the motors without expense to the department.

Please report to this office as soon as this substitution has been made and state whether the new motor operates the table satisfactorily.

Respectfully,

E. T. BUSHNELL,
Acting First Assistant Postmaster General.

FPH-MFM.

I just want to say that on these letters that have gone in now, and probably on the others, there is a memorandum signed "J. W. S." That is simply to indicate the file they came from when they were taken from the files, so we can put them back in the proper files.

Mr. BRITT. That is the notation made by Mr. Slack?

Mr. McCoy. Yes. Letter of August 3, 1911, addressed to the First Assistant Postmaster General, from the postmaster at Minneapolis.

Said letter, marked "Exhibit 180," follows:

EXHIBIT No. 180.

UNITED STATES POST OFFICE,
EXECUTIVE DIVISION,
Minneapolis, Minn., August 3, 1911.

FIRST ASSISTANT POSTMASTER GENERAL,
Division of Salaries and Allowances.

SIR: I respectfully request that this office be furnished with one Cummins pick-up table and stacker, same as are now being installed in many post offices of the country. I saw the table in use in the Washington post office in April last, and was greatly pleased with its speed and convenience.

This office cancels on the average 200,000 pieces of mail per day, which is faced on the old-fashioned table. The volume of letters so handled is steadily increasing, as is shown by the postal receipts for the fiscal year ending June 30, of \$1,975,000, an increase of \$90,000 over the previous year.

It is my understanding that one clerk at this table can handle as many letters as two at the old. We are crowded to the limit in the matter of tables, cases, desks, machines, etc., in this office, relief from which can only come when we can move into our new post office, which can not be earlier than three or four years from now. To keep pace with the steadily increasing business we need any improved facilities, such as the above, that can be installed on practically the same floor space and can be operated with a smaller number of clerks.

Respectfully,

W. D. HALE, *Postmaster.*

Memorandum of August 25, 1911, for Dr. Grandfield, signed by Charles F. Trotter, acting superintendent, and indorsed "O. K., C. P. G., August 26, 1911."

Said memorandum, marked "Exhibit 181," follows:

EXHIBIT No. 181.

[Memorandum for Dr. Grandfield, Minneapolis, Minn., request for a "Cummins" pick-up table.]

POST OFFICE DEPARTMENT, C. D.
DIVISION OF SALARIES AND ALLOWANCES,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, August 25, 1911.

The postmaster of Minneapolis, under date of August 3, 1911, requests that his office be furnished with a Cummins pick-up table. The receipts of his office for the four quarters ended March 31, 1911, were \$1,944,475, and while of course the postmaster's understanding that "one man at this table can handle as many letters as two at the old" is erroneous, still it is probable that some economy, both in time and space, could be effected by the installation of one of these tables, especially in view of the fact that the new Federal building can not be completed, according to the postmaster's statement, earlier than 1914 or 1915. Please direct what you desire to be done in the matter.

CHAS. F. TROTTER, *Acting Superintendent.*

F. P. H.
O. K., C. P. G., Aug. 26, 1911.

Letter of August 6, 1911, directed to E. T. Bushnell, Acting First Assistant, etc., on the letterhead of the United States post office at St. Louis, Mo., and signed "C. P. Grandfield, First Assistant."

Said letter, marked "Exhibit 182," follows:

EXHIBIT No. 182.

O. P. G.

UNITED STATES POST OFFICE,
OFFICE OF THE POSTMASTER,
St. Louis, Mo., October 6, 1911.

MR. E. T. BUSHNELL,
Acting First Assistant Postmaster General, Washington, D. C.

MY DEAR MR. BUSHNELL: We had a very nice time at the Louisville convention, although the attendance was not large. Mr. Akin's speech on postal savings was well received and very interesting.

I think it would be advisable to order a facing table for the Louisville office and also a canceling machine. They have two machines in use now, both of which are taxed to the limit, and occasionally mail is delayed through lack of facilities to postmark it. The postmaster told me that he had in mind ordering another machine. My experience is that the facing table works better with the Cummins machine than with the Hey-Dolphin.

I wish you would also take up with the Treasury Department the question of furnishing two of the five tables under contract immediately, so that the St. Louis office can have the use of them until we move into the new building. Work seems to be at a standstill down there and it is doubtful whether the new office is occupied before July 1 next.

If the Treasury Department will not furnish the table, I suggest that you order two direct from the company, with the understanding that when the new building is occupied we can assign the two tables to other offices, Omaha and Denver, for instance.

Wish you would write me at Los Angeles what you do.

The facilities for handling blue-tag matter here in St. Louis are excellent, although as winter approaches I think it will be advisable to get permission from the Treasury Department to occupy the basement room in the south end of the new building, which is all complete, in handling the blue-tag mail. At present it is being handled in the tunnel or rather stored there. This will be very disagreeable in cold weather.

I hope you will have some success with the Treasury Department in inducing them to build the platform in Kansas City, Kans., for this mail. I will leave this afternoon or to-night for Kansas City and will write you regarding the situation there.

Yours, sincerely,

C. P. GRANDFIELD,
First Assistant Postmaster General.

Letter of October 23, 1911, directed to C. P. Grandfield, First Assistant, etc., from the postmaster at Louisville, Ky.

Said letter, marked "Exhibit 183," follows:

EXHIBIT No. 183.

UNITED STATES POST OFFICE,
Louisville, Ky., October 23, 1911.

HON. C. P. GRANDFIELD,
*First Assistant Postmaster General,
Division of Salaries and Allowances, Washington, D. C.*

SIR: My attention has been called to the Cummins pick-up table, manufactured at Chicago, Ill., and which is now in use in several post offices throughout the country. I have some slight knowledge from personal observation of this table at the Washington (D. C.) post office, and have taken the matter up in person with the representative of the B. F. Cummins Co. and also with the First Assistant Postmaster General on the occasion of his recent visit to this city.

After giving the matter careful consideration, I have reached the conclusion that it would be economy to have one installed in this office, and I now make requisition therefor.

Respectfully,

ROBT. E. WOODS, *Postmaster.*

Memorandum dated October 25, 1911, entitled "Louisville, Ky., pick-up table," addressed to Mr. Koons and initiated by Mr. Bushnell. Said memorandum, marked "Exhibit 184," follows:

EXHIBIT No. 184.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, October 25, 1911.

Louisville, Ky. (pick-up table).

Mr. Koons: Dr. Grandfield wrote me about this table after visiting Louisville on his way to the Pacific coast early this month. He suggested the advisability of installing one of these tables in the Louisville office. I have been waiting, however, for the postmaster to make some suggestion in regard to it. I wish you would now have the matter started through the purchasing agent in the usual way. Please ask Mr. Heartsill to expedite it.

E. T. B.

B-H.
A-3497.

Copy letter of October 26, 1911, directed to the postmaster at Louisville, Ky., and signed by E. T. Bushnell as Acting First Assistant Postmaster General.

Said letter, marked "Exhibit 185," follows:

EXHIBIT 185.

OCTOBER 26, 1911.

POSTMASTER, Louisville, Ky.

SIR: With reference to your letter of the 23d instant, I beg to advise you that the B. F. Cummins Co., of Chicago, Ill., has been directed to ship to you one Cummins pick-up table complete by freight on Government bill of lading No. A-3497. Tickets for reporting the drayage charges are inclosed.

Respectfully,

(Signed, E. T. BUSHNELL,
Acting First Assistant Postmaster General.

enc. JRT.

Letter of May 23, 1911, to Hon. C. P. Grandfield, First Assistant, etc., from B. F. Cummins.

Said letter, marked "Exhibit 186," follows:

EXHIBIT No. 186.

TIME MARKING MACHINE CO.,
RAVENSWOOD STATION,
Chicago, Ill., May 23, 1911.

HON. C. P. GRANDFIELD,
First Assistant Postmaster General, Washington, D. C.

SIR: Here is a little matter which I have hesitated about sending on to you, but have decided to do so. I think I have been at fault at least in one respect, and am sorry for it now.

I am inclosing, herewith, a copy of a soliciting letter which I wrote the Hon. R. G. Floyd, postmaster at Cleveland, on April 7, and would explain that I was honestly of opinion that it would increase the efficiency of the pick-up tables, if faster canceling machines were used. To this letter, his reply of April 11 nettled me, and I went back at him in my letter of April 14 with at least one statement that I had no business to make. I refer to the third paragraph in the letter, which I have marked.

I now have his final reply, under date of May 19, and it is this letter that I would like to have you look carefully over. I do not believe that the figures which he gives are reliable or possible, and it is this fact, in connection with the report from Cleveland on the pick-up tables, that induces me to send the correspondence on to you.

Will you be kind enough to return it at your convenience?

Very truly, yours,

B. F. CUMMINS.

BFC-EB.

The following will be the letters referred to in Exhibit 186: Copy letter of April 7, 1911, to R. G. Floyd, postmaster at Cleveland, from the Time Marking Machine Co.

Said letter, marked "Exhibit 187," follows:

EXHIBIT No. 187.

APRIL 7, 1911.

Hon. R. G. FLOYD,
Postmaster, Cleveland, Ohio.

DEAR SIR: I have thought that if it could be arranged with the department that possibly you would prefer to use two of our Cummins canceling machines in connection with the two pick-up tables recently installed in your office.

I am quite sure that you have heard at least some of the discussion that has gone on in times past in regard to the relative merits of different canceling machines, and I do not intend to bore you with a repetition of them here.

As I understand it, however, our canceling machine has at least one great advantage over the canceling machines which you are using in connection with the pick-up tables, i. e., their speed. I am not altogether sure about this, but have been informed that the machine which you are using will not run to exceed 475 to 500 letters (short) per minute, whereas our machine will run 700 letters per minute. The department is fully advised as to the quality of our machines and the kind of work they do.

In properly using the pick-up table you ought not to be hampered, as I look at it, with the slow speed of the canceling machine. I was in Washington last week and talked this matter over some with the department, but did not receive a definite reply. I am taking this point up now, so that if my point is well taken and if it will increase the efficiency of the tables, that the exchange of machines might be made during the present quarter. We have a number of our newest model machines on hand now and could ship them at any time.

I am writing the honorable First Assistant Postmaster General to-day, telling him of this letter, and if you are interested in the subject would appreciate it if we might hear from you soon.

Very truly, yours,

TIME MARKING MACHINE CO.

BFC-ER.

Letter of April 11, 1911, to the Time Marking Machine Co. from R. G. Floyd, postmaster at Cleveland.

Said letter, marked "Exhibit 188," follows:

EXHIBIT No. 188.

WES-e

UNITED STATES POST OFFICE,
OFFICE OF THE POSTMASTER,
Cleveland, Ohio, April 11, 1911.

The TIME MARKING MACHINE CO., *Chicago, Ill.*

GENTLEMEN: I beg to acknowledge yours of the 7th instant regarding the installation of two of your canceling machines for use in connection with pick-up tables recently installed in this office, and in reply have to advise that the Hey-Dolphin machines now in use are very satisfactory, and until additional machines are necessary I do not feel justified in requesting any change.

As soon as more machines are needed I will be pleased to give one of yours a trial.

Very respectfully,

R. G. FLOYD, *Postmaster.*

Copy of letter April 14, 1911, to R. G. Floyd, postmaster at Cleveland, from the Time Marking Machine Co.

Said letter marked "Exhibit 189," follows:

EXHIBIT No. 189.

APRIL 14, 1911.

Hon. R. G. FLOYD,
Postmaster, Cleveland, Ohio.

DEAR SIR: Your favor of the 11th instant is received, and, as it seems to the writer, I must have failed to make clear my meaning in my letter of the 7th instant.

I am altogether at a loss to know why you should come back at me as you do. We do not want you to try or test our canceling machines. We would not, under any circumstances, place the machines in your office upon trial.

I am pleased to know that the Hey & Dolphin Co., or the proprietors of that machine, have so good a friend in you, and I have no hesitation in indorsing your opinion of that machine. It is a good machine, and there is no doubt whatever about it.

The question which I submitted to you was a totally different one and which I had thought I was justified in submitting. You can not run more than 425 to 450 letters per minute through the Hey & Dolphin machine, while your men ought to be (whether they are or not) facing from 600 to 700 letters per minute on the pick-up tables. We have only a few of our canceling machines to be placed, and I had thought, and still think, that they might better be placed in connection with the pick-up tables.

I do not want to be misunderstood. If the Hey & Dolphin machine which you mention, or any other canceling machine which you have, will take care of the pick-up tables, then I have nothing more to say and there would be nothing at all to do.

Very truly, yours,

TIME MARKING MACHINE CO.

BFC-EB.

Letter of May 19, 1911, to the Time Marking Machine Co. from R. G. Floyd, postmaster at Cleveland.

Said letter, marked "Exhibit 190," follows:

EXHIBIT No. 190.

WES-s

UNITED STATES POST OFFICE,
OFFICE OF THE POSTMASTER,
Cleveland, Ohio, May 19, 1911.

The TIME MARKING MACHINE CO.,
Ravenswood Station, Chicago, Ill.

GENTLEMEN: Replying to yours of the 14th ultimo regarding canceling machines used in this office in connection with your patent pick-up tables, I beg to advise that tests made on the Hey & Dolphin machine show an average of 620 to 625 pieces canceled per minute during the busy hours of the day; also, that one machine will cancel both short and long letters straightened by eight men on your table. The test also shows the same machine canceling an average of 815 to 830 postal cards a minute in lots of from 30,000 to 50,000 without skipping more than 1 in 10,000.

This test can be verified, notwithstanding your claim that the Hey & Dolphin machine will not run more than 425 to 450 letters per minute.

Very respectfully,

R. G. FLOYD, *Postmaster.*

Memorandum of November 13, 1911, to Mr. Koons, signed by Dr. Grandfield, with his initials.

Said memorandum, marked "Exhibit 191," follows:

EXHIBIT No. 191.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, November 13, 1911.

Mr. KOONS, *Washington, D. C.:*

Please order another facing table for the Washington office. The inventor has devised a fast canceling machine, that will postmark 1,200 pieces of mail a minute, which he will send to Washington with the new table to demonstrate the feasibility of facing mail directly from the table into the canceling machine.

C. P. G.

G.-C.

Exhibit No. 191 refers to a fast canceling machine, which would postmark 1,200 pieces of mail a minute. Is that a machine which, up to date, has not been perfected?

Dr. GRANDFIELD. Yes, sir.

Mr. McCoy. The exhibit also says: "Please order another facing table for the Washington office." Was that ordered for the current business of the office or for the purpose of testing this fast machine?

Dr. GRANDFIELD. It was for a twofold purpose. It was ordered by direction of the Postmaster General for the purpose of having all of the mail in the Washington office handled on these improved facing tables and also for the purpose of connecting it up with this new machine with a view to having a demonstration of the machine.

Mr. McCoy. Where is the order of the Postmaster General to that effect?

Dr. GRANDFIELD. It was a verbal order. When this machine table was put in the Washington post office the Postmaster General and a number of other officers of the department witnessed the test, and he—the Postmaster General—was very much pleased with the workings of the new table and directed me to order another table, so that all of the mail could be handled in the Washington office in the same way.

Mr. McCoy. When was the test of that first machine made, with which he was so pleased?

Dr. GRANDFIELD. It was made in the spring of 1911.

Mr. BRITT. What particular machine are you referring to now?

Dr. GRANDFIELD. Facing table.

Mr. BRITT. Well, you are using the word "machine."

Dr. GRANDFIELD. Machine facing table. [Continuing answer to Mr. McCoy's question.] The exact date, as given to me, is March 10, 1911.

Mr. McCoy. And how soon was that second facing table, referred to in this Exhibit No. 191, received? How soon after?

Dr. GRANDFIELD. I can not answer as to the exact time.

Mr. McCoy. Approximately.

Dr. GRANDFIELD. Well, that memorandum you have, I believe, is dated in November.

Mr. McCoy. November 13, 1911.

Dr. GRANDFIELD. I assume it was shortly after that.

Mr. McCoy. You assume it was ordered shortly after that.

Dr. GRANDFIELD. Yes, sir; is it not a memorandum directing Mr. Koons to order one?

Mr. McCoy. Yes.

Dr. GRANDFIELD. Well, I assume it was shortly after that.

Mr. McCoy. But when did the Postmaster General give the instruction to order the table?

Dr. GRANDFIELD. On March 10, 1911.

Mr. McCoy. And it was not ordered until November 13, 1911, or after?

Dr. GRANDFIELD. Yes. I had, in the meantime, several conversations with him and suggested that the order for the table be deferred until Cummins had his new machine ready for demonstration, and he assented.

Mr. McCoy. Is it not customary when orders are given by the Postmaster General and indicated to somebody else, to say that "by order of the Postmaster General" you are instructed to do so and so?

Dr. GRANDFIELD. Well, it was hardly an order. When he witnessed the demonstration of the machine he said: "I think it would be a good idea to have another machine table similar to this in the Washington office." No, it is not customary.

Mr. McCoy. Do they use both these Cummins facing tables in the Washington city post office now?

Dr. GRANDFIELD. Yes, sir.

Mr. McCoy. Do they use any ordinary, unpatented tables there?

Dr. GRANDFIELD. At certain seasons; yes.

Mr. MCCOY. What seasons?

Dr. GRANDFIELD. This season, the Christmas season. For instance, I saw mail being faced on an ordinary table Christmas Eve.

Mr. MCCOY. Is it not a fact that they use the ordinary tables down there practically as much as they use the Cummins table?

Dr. GRANDFIELD. No; I think not. The postmaster would be better qualified to testify than myself.

Mr. MCCOY. I could give some testimony myself on that. Were you present when the table was tested in March, 1911, in the presence of the Postmaster General?

Dr. GRANDFIELD. Yes, sir.

Mr. MCCOY. Is that the same table that is used now in connection with a Time Marking Machine Co. rapid machine down there?

Dr. GRANDFIELD. Yes, sir.

Mr. MCCOY. That was the same canceling machine that is now being used down there in connection with that table?

Dr. GRANDFIELD. I do not know. I suppose so.

Mr. MCCOY. But the pick-up or facing table was the same as it is now; the same device and the same table, practically?

Dr. GRANDFIELD. The same table.

Mr. MCCOY. Did you notice any crumpling up of mail when the mail passed out of the table itself into the stacker?

Dr. GRANDFIELD. During the test?

Mr. MCCOY. Yes.

Dr. GRANDFIELD. I do not remember.

Mr. MCCOY. Did you notice any letters thrown out onto the floor as they passed out of the table onto the stacker?

Dr. GRANDFIELD. I do not remember. Mr. Bushnell was also present at the test and heard the Postmaster General's statement regarding the advisability of ordering another table.

Mr. MCCOY. When did you first hear of this so-called "Buffalo table," which is referred to in Exhibit No. 175, being the report of Inspector L. A. Johnson, found at page 372 of Hearing No. 72 before this committee?

Dr. GRANDFIELD. When the letter from the postmaster of Buffalo was received—

Mr. MCCOY (interposing). Which letter do you refer to? [After a pause.] Look at Exhibit No. 166 on page 365.

Dr. GRANDFIELD. Yes. That is the first time I ever heard of the table designated as the "Buffalo table," although I have seen similar tables in use in other offices; not, perhaps, exactly similar, but essentially the same as the Buffalo table.

Mr. MCCOY. Does the Buffalo table differ substantially from the tables in use in the Washington city post office?

Dr. GRANDFIELD. I do not know.

Mr. MCCOY. Well, you have seen the tables in the Washington city post office?

Dr. GRANDFIELD. Yes, sir. I do not recall seeing one in the Washington post office which answers the description of the Buffalo table. On the other hand, I have seen other tables in use there that are not at all similar to the Buffalo tables.

Mr. MCCOY. Now, I offer letter of November 8, 1911, from the postmaster at New York City to the First Assistant Postmaster General.

Said letter, marked "Exhibit 192," follows:

EXHIBIT No. 192.

UNITED STATES POST OFFICE,
New York, N. Y., November 8, 1911.

HON. FIRST ASSISTANT POSTMASTER GENERAL,
Division of Salaries and Allowances, Washington, D. C.

SIR: The Cummins pick-up tables now in use at the Hudson Terminal Station of this office have proven so advantageous both in the saving of time and labor that I feel justified in suggesting the advisability of extending their use to some of the other large stations of this office, such as Madison Square Station, Grand Central Station, and stations D and E, where the amount of mail handled daily is very large and is constantly increasing. Two of these tables could be used to advantage at the Madison Square Station and one at each of the other stations named. If it is possible for the department to authorize their installation at those stations, or any of them, I earnestly recommend in the interest of economy and quick service that the same be done.

Very respectfully,

E. M. MORGAN, *Postmaster.*

Memorandum of November 13, 1911, for Dr. Grandfield, signed "Charles F. Trotter, assistant superintendent," and indorsed by Dr. Grandfield: "O. K. See letter to P. M. C. P. G., Nov. 13, 1911."

Said letter, marked "Exhibit No. 193," follows:

EXHIBIT No. 193.

[Memorandum for Dr. Grandfield.]

C. D.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
DIVISION OF SALARIES AND ALLOWANCES,
Washington, November 13, 1911.

The attached communication from the postmaster of New York, N. Y., suggesting the advisability of extending the use of the Cummins pick-up tables to some of the largest stations of his office, such as Madison Square Station, Grand Central Station, and Stations "D" and "E," is brought to your personal attention.

CHAS. F. TROTTER, *Acting Superintendent.*

FPH-HJG.

O. K. See letter to P. M. C. P. G., Nov. 13, 1911.

Memorandum which was received attached to Exhibits 192 and 193, signed by the initials "E. T. B.," which is E. T. Bushnell.

Said memorandum, marked "Exhibit 194," follows:

EXHIBIT No. 194.

Dr. G.: This is fine. I think we ought to do it as soon as we can.

E. T. B.

Letter of September 14, 1911, to E. T. Bushnell, acting First Assistant, etc., signed by B. F. Cummins.

Said letter, marked "Exhibit 195," follows:

EXHIBIT No. 195.

THE B. F. CUMMINS CO.,
RAVENSWOOD STATION,
Chicago, Ill., September 14, 1911.

HON. E. T. BUSHNELL,
Acting First Assistant Postmaster General, Washington, D. C.

DEAR MR. BUSHNELL: Your favor of the 11th instant in regard to the Toledo office is received. I do not think that it would be too soon to order the tables for this office, because by the end of this week we will have shipped all the tables which we have prepared and ready.

We have 15 more under construction, and 5 of these will go to St. Louis, as our contract calls for the completion and installation there not later than November 5, so that I do not think any more tables can be shipped in appreciably less than a month anyway, and I am confidently of opinion that the sooner the tables are ordered and shipped and the route made out for the installation the easier and cheaper it will be all around. Do you not think so?

Very truly, yours,

B. F. CUMMINS.

BFC-EB.

Memorandum of September 19, 1911, entitled "Toledo, Ohio, pick-up table," addressed to Dr. Grandfield and initialed by Mr. Bushnell. This was attached to Exhibit No. 195.

Said memorandum, marked "Exhibit 196," follows:

EXHIBIT No. 196.

[Memorandum, Toledo, Ohio: pick-up table.]

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,

September 19, 1911.

DR. GRANDFIELD: I have not made any formal order for a pick-up table and canceling machine for the Toledo office, as I did not know what your views were upon the subject. I think it is a good office to put one of the tables into, and I wrote Mr. Cummins to that effect, but I thought, perhaps, it might be advisable to wait until they move into the new building. I appreciate, however, what Mr. Cummins says in the attached letter, that these tables can not be made in a hurry, and if he had the order now it would be some weeks before the table would be ready for shipment.

E. T. B.

B-C.

Letter of June 15, 1911, to the Postmaster General, signed by Walter H. Gray, of Mattapan, Mass.

Said letter, marked "Exhibit 197," follows:

EXHIBIT No. 197.

JUNE 15, 1911.

HON. FRANK H. HITCHCOCK,
Postmaster General.

DEAR SIR: As a civil-service employee under the Post Office Department, interested in the following subject, I should be glad to have some information, hoping it is within your province and desire to supply it.

I have been told that the Government would not, or could not, pay an employee for an invention, a new device, or an idea, and that the Government might use such an invention, device, or idea, without reimbursement to the employee. I would like to know if this is so.

If an employee has a practical conception which would save time, trouble, and expense to the Post Office Department, is there any way in which he may profit by it?

Trusting that I may be enlightened on these points, I am,

Yours, very respectfully,

WALTER H. GRAY.
*Railway Postal Clerk,
16 Randolph Road, Mattapan, Mass.*

Copy letter of July 2, 1911, addressed to Walter H. Gray, Mattapan, Mass., signed "C. P. Grandfield, First Assistant."

Said letter, marked "Exhibit 198," follows:

EXHIBIT No. 198.

JULY 3, 1911.

MR. WALTER H. GRAY,
No. 16 Randolph Road, Mattapan, Mass.

SIR: In answer to your letter of the 15th ultimo, which the Postmaster General has referred to me, relative to the reimbursement of a postal employee for any invention of a labor-saving device or other appliance which could be used to a practical

advantage by the department, I beg to advise you that the Postmaster General has submitted to Congress a request for an appropriation for this purpose, and should the appropriation be made action will probably be taken looking toward the reimbursement of such employees or clerks who have made inventions which have been used in the service to any great extent. However, if you have a new invention under way it would be necessary for you to complete it and submit it to the department for a thorough test. If after this is done it is found that the invention is practical and can be used generally you would be paid accordingly, provided an appropriation for such purpose is made.

Respectfully,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

JRT.

In Exhibit 198 you say, among other things: "I beg to advise you that the Postmaster General has submitted to Congress a request for an appropriation for this purpose—" that is, to reimburse postal employees who have perfected any invention. That recommendation has been adopted, has it not?

Dr. GRANDFIELD. Not exactly as recommended by the Postmaster General. It was modified by the Senate committee. I do not remember how the bill did finally pass.

Mr. MCCOY. But it is now a law, is it not, that the Postmaster General may, in some shape, recompense employees of the Post Office Department—

Dr. GRANDFIELD (interposing). Yes; the appropriation has been made for that purpose.

Mr. MCCOY. Was that in this year's appropriation bill?

Dr. GRANDFIELD. Yes, sir.

Mr. BRITT. Made in what amount, Mr. Grandfield?

Dr. GRANDFIELD. I think there was an appropriation of \$10,000 made.

Mr. BRITT. What is the specific purpose? I think the word "reimburse" is misleading. Is it not for the purpose of "rewarding" employees?

Dr. GRANDFIELD. Yes, sir; employees who make inventions that have value and are adopted.

Mr. BRITT. I would like to have the exact words. Suppose we have it in the record, if you do not mind, Mr. McCoy?

Mr. MCCOY. Yes. I read from the act approved August 24, 1912, being an act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1913, and for other purposes:

The Postmaster General is hereby authorized to pay, in his discretion, rewards to postal employees whose inventions are adopted for use in the postal service, and for that purpose the sum of ten thousand dollars is hereby appropriated: *Provided*, That not to exceed one thousand dollars shall be paid for one invention.

Now, has the Post Office Department or the Postmaster General formulated any regulations for putting into operation that section which I have just read?

Dr. GRANDFIELD. I recommended to the Postmaster General that he appoint a committee for that purpose and my understanding is that he has done so, but just what regulations this committee has recommended or what instructions have been given I do not know.

Mr. MCCOY. Have any regulations been promulgated?

Dr. GRANDFIELD. As I say, I do not know.

Mr. MCCOY. That would come within the jurisdiction of your bureau, would it not?

Dr. GRANDFIELD. No, sir; you notice that the appropriation was made for the Postmaster General.

Mr. McCoy (reading): "The Postmaster General is hereby authorized"—I see.

Dr. GRANDFIELD. My recollection is that he appointed a committee. The chief inspector, I think, is the chairman of the committee.

Mr. McCoy. I find that the appropriation is in the part of the act which refers to the office of the First Assistant Postmaster General. [Handing copy of act to Dr. Grandfield.]

Dr. GRANDFIELD (without examining). Yes. It was on my recommendation that he—I assume—that he recommended to Congress that this legislation be enacted; but as the labor-saving devices might be of utility to any one of the four bureaus, he deemed it advisable to have the matter handled by a committee of his own, and in that opinion I concurred.

Mr. BRITT. Let me see that. [After examining act.] Mr. McCoy, that would be a matter of which the Postmaster General would have direct cognizance, and I suggest that if there have been any regulations formulated or any action taken we can furnish an account of it.

Mr. McCoy. Yes; that is all. Now, I offer letter of April 7, 1911, to the First Assistant Postmaster General from the B. F. Cummins Co.

Said letter, marked "Exhibit 199," follows:

EXHIBIT No. 199.

THE B. F. CUMMINS Co.,
Chicago, April 4, 1911.

HON. C. P. GRANDFIELD,
First Assistant Postmaster General, Washington, D. C.

SIR: You are hereby notified that this company is the owner of Letters Patent No. 857990, dated June 25, 1907 (and other applications for patents pending), issued to it as the assignee of the inventors, George A. Gasman and John T. Lynch, for an improved pick-up table for mailing matter. The claims of this patent cover any device for stacking faced mail in which a series of feed pockets are employed in communication with a runway having means for conveying the mail pieces to a separator common to the several pockets and means for stacking them. These features are embodied in the pick-up tables now in use in the Chicago office and are essential to the successful operation of such a device.

We are advised that other parties threaten to make and sell machines embodying these features and that bids for their construction have already been made to the Postal Department.

The purpose of this notice is not only to advise you of our lawful rights and to enter a respectful protest against the acceptance of bids for the construction of machines embodying features which would infringe them, but to state that while we have no desire to embarrass the department by acts which might result in delay, it is our purpose to protect such rights by bringing suit to enjoin any party or parties from continuing such infringement whenever information thereof comes to our knowledge.

Very respectfully, yours,

THE B. F. CUMMINS Co.,
By B. F. CUMMINS.

BFC-EB.

Memorandum of March 18, 1910, for Mr. Wood, initialed by Dr. Grandfield.

Said memorandum, marked "Exhibit 200," follows:

EXHIBIT No. 200.

[Memorandum for Mr. Wood.]

C

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, March 18, 1910.

Will you please prepare a memorandum for the Postmaster General explaining the canceling machine situation, and suggesting the appointment of a committee of five to investigate and report?

C. P. G.

G-H.

Copy memorandum for the Postmaster General, dated March 19, 1910, signed "C. P. Grandfield."

Said memorandum, marked "Exhibit 201," follows:

EXHIBIT No. 201.

[Memorandum for the Postmaster General.]

MARCH 19, 1910.

The post-office appropriation bill, as it passed the House of Representatives, contains a provision limiting the rental that may be paid per annum for any canceling machine to \$300, including repairs, and places \$35,000 of the appropriation at the disposal of the department for the purchase of machines. It also authorizes the Postmaster General to enter into contracts for the rental of canceling machines for a period of not exceeding three years.

In anticipation of this legislation all of the companies whose machines are now under contract have been requested to submit proposals to rent machines under a three-year contract and to sell a number of their machines to the department. Replies have been received from all of the companies except the International, which manufactures the Hey-Dolphin "Flier," and which has heretofore refused to reduce the present rental of \$400 or to sell machines at any price. This is the only machine for which a rental of more than \$300 per annum is paid, and as there are now more than 240 "Fliers" in the service an awkward situation would be created if the International Co. should decide to withdraw its machines from the service, as they threatened to do some years ago when a reduction in the rental rate was contemplated. It would therefore seem incumbent on the department to investigate thoroughly the merits of the other power machines now available. No general investigation of the canceling-machine situation has been made for some years. The question of what machines should be purchased should also be made the subject of an investigation by a committee of experienced postal officers.

I beg to suggest the advisability of appointing a committee of five officers of the department to take up and report immediately on such matters as (1) the speed, durability, and relative merits of the various canceling machines now under contract, (2) for what machines and for how many of each make should contracts for three years be made, (3) how many and what make of machines should the department purchase during the next fiscal year, and (4) what arrangements could be made for filling the places of the Hey-Dolphin machines if the makers should decide to withdraw them from the service.

None of these matters can be determined satisfactorily by correspondence, and it is regarded as essential that accurate information respecting them should be at the disposal of the department as soon as the Post Office appropriation bill is enacted into law. Even should the proposed canceling machine legislation fail of passage, the information gathered by the committee would be of great value.

The names of some departmental officers who, it is believed, could render excellent service on such a committee appear on the attached slip.

Respectfully,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

GLW-FG.

Copy letter of October 1, 1912, to the postmaster at Rochester, N. Y., signed "C. P. Grandfield, First Assistant," etc.

Said letter, marked "Exhibit 202," follows:

EXHIBIT No. 202.

OCTOBER 1, 1912.

POSTMASTER, Rochester, N. Y.

SIR: A labor-saving device, known as the "Cummins" pick-up table, for automatically facing and stacking mixed mail, has been placed in operation by the department in a number of the largest post offices in the country. The reports show that they are a great improvement over the old-style ordinary facing tables. According to these reports, the averages attained by clerks when using the old facing tables varied from 35 to 70 a minute for each clerk, while the same clerks, when using the improved "Cummins" tables, attained averages varying in the corresponding offices from 56 to 106 a minute for each clerk.

As the canceling machine is always placed immediately adjoining the stacking mechanism of the "Cummins" table, thereby enabling the canceling-machine operator to obtain the faced mail from the stacker of the table with one hand and to feed it continuously into the canceling machine with the other hand, in this way alone the time of the clerk usually engaged in carrying the faced mail from the ordinary table to the canceling machine is eliminated.

In view of the apparent success which has followed the adoption of these patented pick-up tables in other large offices, you are requested to inform the department whether, in your opinion, the installation of one of these tables in your office would facilitate the handling of mixed mail prior to its cancellation and distribution. The price of the table, including the motor operating it, is \$1,550 f. o. b. Chicago, Ill.

Respectfully,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

FPH-MFM.

In Exhibit No. 202 you call the attention of the postmaster at Rochester, N. Y., to the Cummins pick-up table and cite certain reports of the averages obtained by clerks when using the old facing tables and the improved Cummins tables. You had heard before October 1, 1912, of the Buffalo table, had you not?

Dr. GRANDFIELD. I assume that I had; yes, sir.

Mr. McCoy. I invite your attention to Exhibit 170, page 370 of this record. The exhibit is dated September 14, 1912, directed to the Hon. R. S. Sharp, chief inspector. [Reading:]

SIR: The department is in receipt of information that there is in use in the Buffalo, N. Y., post office a facing table known as the Buffalo table, on which the postmaster states the clerks are able to face on an average of 90 to 105 letters a minute. This number far exceeds the speed of any other table of which the department has any knowledge.

Etc.,

(Signed) C. P. GRANDFIELD.

So you did know of the Buffalo table prior to October 1, 1912?

Dr. GRANDFIELD. Yes, sir.

Mr. McCoy. Then why did you not call the attention of the postmaster at Rochester to the Buffalo table?

Dr. GRANDFIELD. You understand, of course, that I did not actually write either of those letters. [Answering the question.] I do not know why I did not.

Mr. McCoy. Now, just wait a minute. On Exhibit No. 202, underneath the signature, there is a double line under the word "signed." Does not that indicate that you signed the letter?

Dr. GRANDFIELD. Certainly.

Mr. McCoy. Why did you not call the attention of the postmaster at Rochester to the Buffalo table?

Dr. GRANDFIELD. I do not know why I did not call his attention to it. If you will allow me, I would like to make a little further explanation.

Mr. McCoy. You said you did not know and I supposed you meant it when you said it. I do not object to your explaining. I would like an explanation, but when you say you do not know I assume you do not.

Mr. BRITT. Make your explanation, doctor.

Dr. GRANDFIELD. The postmaster's report regarding the Buffalo table was at so much variance with every other report which we had received on the subject of facing mail on ordinary tables, not machine tables, that it did not impress me as being an accurate statement of the conditions that obtained in the post office.

Mr. McCoy. How about the reports from Cleveland, Ohio?

Dr. GRANDFIELD. Well, if you will tell me about the reports—

Mr. McCoy (interposing). Well, you have testified that those are the only reports that make any such showing. Do you know anything about that report?

Dr. GRANDFIELD. No; I do not. I do not recall it at this moment. [After a pause.] Oh, yes; I do recall it just now. The postmaster reported that the clerks faced mail very far in excess of the average in other offices on the ordinary tables. I questioned the accuracy of that report also.

Mr. McCoy. Did you ever question the accuracy of any report about the Cummins table that was favorable to it?

Dr. GRANDFIELD. Yes.

Mr. McCoy. Where? Show me where you did it.

Dr. GRANDFIELD. In my own mind, you mean?

Mr. McCoy. No; where you ever raised a question about it at all.

Mr. BRITT. You ask for a record statement?

Mr. McCoy. Yes.

Mr. BRITT. Is there any record statement as to the other?

Mr. McCoy. There is the sending of the two inspectors to Buffalo to test the statement made by the Buffalo postmaster. Now if there was any such occurrence with reference to the Cummins pick-up table after a favorable report on the Cummins pick-up table I should like to know it.

Dr. GRANDFIELD. I received a report from the postmaster of Dallas, Tex., in which he reported a much better showing on the Cummins table than other offices had reported, and naturally, in my own mind, I questioned the accuracy of his statement.

Mr. BRITT. But you did not raise any objection in writing as to either?

Dr. GRANDFIELD. I think I did in the case of the Cleveland table. As the reports showed that uniformly good results had been obtained in other offices from the Cummins tables, practically doubling the speed of the men, and an average had been arrived at as to what a man could do in facing mail on the ordinary facing table—when the Buffalo report came in showing that they were doing nearly twice as much as the average, naturally I questioned the accuracy of the report.

Mr. McCoy. There is nothing in the record that shows that the Cummins table doubles the work of the ordinary table. I want to say that for the record right here.

Dr. GRANDFIELD. Are you testifying as a witness?

Mr. McCoy. I want to say that the record shows nothing of the kind. You say that the reports uniformly showed that the Cummins table doubled the work of the ordinary table.

At Mr. McCoy's request the stenographer read the witness' last answer.

Mr. BRITT. Did the witness state that there were reports on the Cummins machines that they had doubled the work of the ordinary tables?

Dr. GRANDFIELD. Some of the reports showed that.

Mr. BRITT. Did you state that they uniformly did so?

Dr. GRANDFIELD. I stated that the reports showed uniformly that the Cummins machines increased the efficiency of the men engaged in facing mail.

Mr. BRITT. As compared with the ordinary machines?

Dr. GRANDFIELD. As compared with the ordinary tables.

Mr. McCoy. I presume that when you say "reports," you mean those reports that are tabulated in Exhibit AAA, for identification?

Dr. GRANDFIELD. I mean those reports and all other reports that had come in, including the report of the first test that was made of a facing table.

Mr. McCoy. The report of the results on the Cummins pick-up table in the Cleveland post office is Exhibit No. 198, at page 324 of this record and is dated May 3, 1911. Why, in view of the report from the Buffalo office on the so-called Buffalo table, did you not hold up your suggestions to various postmasters about putting in the Cummins pick-up tables until an investigation could be made?

Dr. GRANDFIELD. Because I believed that the postmaster's report was not an accurate statement as to the amount of mail that could be faced on the ordinary table.

Mr. McCoy. But you ordered the investigation, did you not?

Dr. GRANDFIELD. Oh, yes.

Mr. McCoy. Well, why did you not discontinue the assignment of Cummins tables until the report could be received?

Dr. GRANDFIELD. The letter to the postmaster of Rochester is not an assignment of a table.

Mr. McCoy. But it is a suggestion, like numerous other suggestions in the record, that the Cummins table will be a good thing for their offices.

Dr. GRANDFIELD. That is a fact that I firmly believed then and I firmly believe now. I am perfectly willing to go on record as saying of the Cummins table that after the men have become accustomed to it, that the efficiency of the men is increased 50 per cent.

Mr. McCoy. That you say, notwithstanding the report of the inspectors appointed to investigate the Buffalo conditions, being Exhibit No. 175?

Dr. GRANDFIELD. Yes. That is the only report of that kind. I think personally that it is a physical impossibility for men to face letters at the rate of a hundred a minute on an ordinary table, or a Buffalo table, which is simply a modification of an ordinary table.

Mr. McCoy. I find on Exhibit AAA that the post office at Memphis, Tenn., reported that on an ordinary table they could face 144 letters a minute, and the report of the postmaster of Grand Rapids, Mich., showed they could face 109; Providence, R. I., 94—

Dr. GRANDFIELD. Yes.

Mr. McCoy (continuing). Des Moines, Iowa, 90; Syracuse, 95; Dayton, Ohio, 95.

Dr. GRANDFIELD. I have discussed that matter with Mr. Koons, who is a post-office expert, and a number of other gentlemen, but they all say that an average of 40 per minute on an ordinary table is a high average.

Mr. McCoy. I have seen them doing more than 40 myself in the Washington post office, right in this city.

Dr. GRANDFIELD. On an average?

Mr. McCoy. I do not know what you mean—"on an average."

Dr. GRANDFIELD. I mean a half dozen men working and all of them attaining an average of 40 with ordinary mail. I can readily understand that a man can pick up 150 letters a minute if they are already faced.

Mr. McCoy. Yes; but the letter from the Buffalo postmaster says that it was not faced mail.

Dr. GRANDFIELD. On the ordinary table the picking up of mail is done with one hand; on the facing table two hands are used, and it stands to reason that a man can work faster with two hands than with one. I have watched the operation repeatedly.

Mr. McCoy. I have watched it myself in the city post office and I didn't see any of those two-handed men. Every one of them—I think there are eight—picked up the letter, scrutinized it, and dropped it in the pocket where it belonged.

Dr. GRANDFIELD. Well, then, the men are not performing their duties properly. I have a report from Mr. Lynch in which he instructed the clerks in the Cincinnati post office in reference to the use of the tables, and six months later the average speed had increased materially.

Mr. McCoy. Did you ever send anybody to instruct men in the use of the ordinary table?

Dr. GRANDFIELD. I have advocated such a plan, but I have not sent anybody because I did not have anybody to send.

Mr. McCoy. Mr. Lynch was sent at your direction to instruct people in the use of these Cummins tables?

Dr. GRANDFIELD. Yes, because the Cummins table is not in general use. It is a machine table that requires some knowledge of how to use it.

Mr. McCoy. What is there about it that is so difficult to understand?

Dr. GRANDFIELD. I did not express any opinion that it was "so difficult to understand."

Mr. McCoy. Well, difficult to get the best results.

Dr. GRANDFIELD. I did not say it was "difficult to get the best results." I said that by instructing the men we do get better results than if the men start in—well, it is exactly like operating a typewriter. A man does not learn to operate a typewriter in a day; his speed increases with years.

Mr. McCoy. What kind of men do you have on that machine down there in the Washington office?

Dr. GRANDFIELD. I do not know.

Mr. McCoy. Do you not have men down there who are not skilled in post-office work, practically the lowest grade of post-office employees?

Dr. GRANDFIELD. Yes.

Mr. McCoy. And you leave them right on that machine?

Dr. GRANDFIELD. My understanding is that a large part of that mail is faced by letter carriers, who rarely become proficient.

Mr. McCoy. What is your information that a large part of the facing is done by carriers?

Dr. GRANDFIELD. I do not know what the percentage is, but I have seen carriers working at the table. My information is that they are not getting the best results out of the facing table, and it is my purpose to have Mr. Lynch——

Mr. McCoy (interposing). Mr. Lynch is the inventor of the table?

Dr. GRANDFIELD. One of the inventors.

Mr. McCoy. Do you know whether he is being paid a royalty by the Cummins Co.?

Dr. GRANDFIELD. I do not know.

Mr. McCoy. Do you know how much he got for his invention, if anything?

Dr. GRANDFIELD. I do not know.

Mr. McCoy. I offer memorandum dated October 2, 1911 to Mr Trotter, initiated C. P. G., which will be marked Exhibit 203.

EXHIBIT No. 203.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, October 2, 1911.

MR. TROTTER: In view of the newspaper attacks on the Atlanta office, I think it is desirable to furnish that office with every modern appliance for handling mail expeditiously. Please order therefore a facing table direct from the manufacturer. In the event the Treasury Department agrees to the transfer of one of the Baltimore tables we can find a place for it in the New York office, where there are only two tables. I am sending down the correspondence with Mr. Lynch. Keep it all together and bring it to my attention when I return, so that we can give Lynch instructions regarding the investigation as to the needs of the Atlanta office relative to labor-saving machinery.

C. P. G.

G-C.

Mr. McCoy. It is 12 o'clock and we have to find that other paper, so we will adjourn until 2 o'clock. There is a file which Mr. Heartsill took away from here the other day. He took it to expedite some work and it has not been returned.

Mr. BUSHNELL. I do not recall it.

Mr. McCoy. Why, Mr. Heartsill came up here the other day and said he had found a file. Dr. Grandfield said it might be useful in making up the assignments of machines, and for that purpose he was allowed to take it back. I wrote a letter to the Postmaster General on Tuesday asking for several things.

Mr. BRITT. I have not seen that. You called for matter in regard to foreign correspondence?

Mr. McCoy. No; we got that. This was sent Tuesday of this week.

Mr. BRITT. No; those letters have not come in yet.

Mr. McCoy. Will you find them?

Mr. BRITT. Yes, sir.

Mr. McCoy. I would like to get that file from Mr. Heartsill.

Mr. BUSHNELL. I do not remember his taking back any old file.

Mr. McCoy. Mr. Britt, I want to call your attention to the request on page 386 of the record, addressed to Dr. Grandfield. [Reading:]

I would like to have you bring here a calculation, both in figures and a comparison, machine for machine, between the machines bid for in the Cummins bid of October 31 and what I call the secret bid, on the one hand, and the American Co.'s bid on the other, showing how you arrived at the conclusion that, all things considered, machine for machine, and everything else on those bids, the Cummins bid was the lowest bid.

Mr. BRITT. Dr. Grandfield has prepared that data and has it ready, expecting to respond to your questions regarding it.

Thereupon, at 12.07 p. m., the subcommittee took a recess until 2 p. m.

AFTER RECESS.

The committee met after recess.

CONTINUATION OF TESTIMONY OF DR. C. P. GRANDFIELD, FIRST ASSISTANT POSTMASTER GENERAL.

Mr. McCoy. I offer in evidence copy of letter of June 2, 1911, signed "C. P. Grandfield, First Assistant," to Raymond C. Floyd, Postmaster, Cleveland, Ohio, marked "Exhibit No. 204."

EXHIBIT No. 204.

Personal.

JUNE 2, 1911.

HON. RAYMOND G. FLOYD,
Postmaster, Cleveland, Ohio.

MY DEAR MR. FLOYD: With reference to your report regarding the utility of the patent facing table recently furnished your office, I took the liberty of writing the postmaster of Chicago, where the machines have been in use for several years and where most excellent results were obtained, asking him if he could explain why it is that the device is of so little use in your office. I inclose for your confidential information a copy of his reply. I trust you will appreciate the spirit in which this letter is written as I know from personal observation in three offices that the device is a distinct success. I also concur with Mr. Campbell's conclusion that you have some extraordinarily rapid men if they can face mixed mail at the rate of 68 letters per minute for an hour at a time. Candidly, I think you have been imposed upon, and therefore I am writing you this personal letter so that you can look into the matter yourself.

I would be pleased to hear from you on the subject whenever you are satisfied in your own mind as to the utility of the table. Of course if you can get no better results than stated in your first letter the department no doubt will desire to transfer the machine to some other office.

Yours, very truly,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

Mr. McCoy. In Exhibit No. 204, to the postmaster at Cleveland, you say, among other things, that you have written to the postmaster at Chicago asking him why it was that the device—that is, the pick-up table—was of so little use in the Cleveland post office, and you say, "I inclose for your confidential information a copy of his reply." Do you know where that reply is? You say also: "I trust you will appreciate the spirit in which this letter is written, as I know from personal observation in three offices that the device is a distinct success." To what three offices did you refer? That letter is dated June 2, 1911.

Dr. GRANDFIELD. Let me see the letter. [After examining.] I suppose I had in mind the Chicago office, the St. Louis office, and the New York office.

Mr. McCoy. Where is the report of the postmaster at Cleveland, referred to in this letter of June 2, 1911?

Dr. GRANDFIELD. I presume you have it.

Mr. McCoy. Is that Exhibit 98 at page 324 of this record [handing record to witness]?

Dr. GRANDFIELD. I suppose so.

Mr. McCoy. Was there any other report from the Cleveland postmaster that you know of except this Exhibit 98?

Dr. GRANDFIELD. Not that I know of. There may have been. I only answer from recollection. I met the postmaster on the train about that time coming from Pittsburgh to Washington, and the matter was discussed then.

Mr. McCoy. You mean the Cleveland postmaster?

Dr. GRANDFIELD. Yes, sir; Mr. Floyd. I do not recall just at this moment exactly what date that was.

Mr. McCoy. You say here, "Candidly, I think you have been imposed upon."

Dr. GRANDFIELD. Yes.

Mr. McCoy. Referring, I presume, to the statement which he makes—which you in this letter say he makes—that men can face with ordinary methods 68 letters per minute for an hour at a time?

Dr. GRANDFIELD. Yes. My experience had shown that the average was 40 or less.

Mr. McCoy. You say you think he had been imposed upon. Who do you think imposed upon him?

Dr. GRANDFIELD. The men who made the report to him.

Mr. McCoy. You mean that they were deliberately imposing upon him, or what?

Dr. GRANDFIELD. I think the statement in the letter is as clear as it can be made, and I do not believe I could add anything to it. It has been my experience, and it has been the experience of others in the department, that the introduction of a new device of any kind that compelled the men to work a little faster than they were in the habit of working met with considerable opposition, and I meant by that that the postmaster had been deceived by some of the men who had conducted the test; that I thought he had been deceived.

Mr. McCoy. Do you think that the postmaster at Buffalo has been imposed upon in reaching the conclusion he reached in regard to his so-called Buffalo table?

Dr. GRANDFIELD. Undoubtedly.

Mr. McCoy. And do you think that the two post-office inspectors who made the report, which was Exhibit 175, imposed on anybody in making that report?

Dr. GRANDFIELD. I think the conclusions drawn in the report are inaccurate.

Mr. McCoy. Do you think they imposed on anybody or attempted to in making the report?

Dr. GRANDFIELD. I think they were deceived by some one; yes.

Mr. McCoy. Then you do not think they observed this test, that they report on in Exhibit 175, personally?

Dr. GRANDFIELD. I think this, that a report of that kind must be taken with a great deal of allowance because it contradicts the experience of every other officer, post-office inspector, and men who are familiar with the facing of mail with whom I have ever discussed the subject.

Mr. MCCOY. How do you think it compares in inherent reliability with the report of the inventor of a machine, his own machine, as contrasted with a machine he did not invent and the use of which will displace his machine?

Dr. GRANDFIELD. Will you explain the question?

Mr. MCCOY. I do not think it needs explanation. We were talking about the reliability of these reports. Dr. Grandfield has undertaken to say that the postmaster at Cleveland has been imposed upon deliberately by some of the men, he says, in that office. He says that he believes these inspectors have been imposed upon, or are imposing upon somebody—the men who made the report about the Buffalo office. Now, then, I want to know what he thinks of the reliability of a report made by an inspector who himself is the inventor of the machine on which he is called upon to make the report? That is the thing.

Dr. GRANDFIELD. I did not question the integrity of the inspector who made the Buffalo report, nor do I question the integrity of the inspector who reported on the machine that he originally invented. In other words, I can conceive of an inventor being a perfectly honest man and capable of making an honest report.

Mr. MCCOY. And I can also conceive of a man in a post office, who has had a new machine put up to him, being a perfectly reliable and honest man and seeking to make the best use of it possible. Now, then, I ask you how will the reliability of reports made to the postmaster at Cleveland by those who had experimented with the ordinary table compare for reliability with the report of an inspector on his own machine or on the machine which he has invented?

Dr. GRANDFIELD. I should say that under ordinary circumstances the report of the man who had no interest in the machine would be more reliable than the other man's report, but the postmaster at Cleveland admitted to me that they had been deceived.

Mr. MCCOY. I ask the department to bring the postmaster of Cleveland here. If you are going to inject such testimony as that in the record, then I shall insist that he be brought here at the Government's expense, if there is any way to do it.

Mr. BRITT. You should bring him here. But this is the committee's inquiry, and you will have to bring him here at the committee's expense.

Dr. GRANDFIELD. Do you mean to say it is hearsay when the postmaster reports to me officially he had been misled? Is that hearsay?

Mr. MCCOY. I think so.

Mr. BRITT. It may be hearsay, but it exists throughout these hearings.

Mr. MCCOY. It exists very little. Generally, it was brought in by Dr. Grandfield. What is in this record is pretty nearly everything written in the record from the Post Office Department, and I tried to keep the rest of it out.

Mr. BRITT. Still there are opinions and hearsay throughout this record.

Mr. McCoy. I know it. If Dr. Grandfield wants to express an opinion I am willing to have it. But when he says the postmaster at Cleveland says so and so, that he had been deceived, I want the postmaster here, and I want to know who the men are who deceived him in making this report.

Mr. BRITT. Mr. Grandfield, who is an official of the department, has stated these things, and stated them as true. If you want to rebut them it is your place to bring the witnesses here.

Mr. McCoy. Your position is undoubtedly wrong.

Mr. BRITT. The witness states what he understands to be the truth.

Mr. McCoy. I am not talking about the truth of his statement to me, that the postmaster at Cleveland says what he alleges. He has no right to bring it in here. I would like to have the postmaster here, and let us have the whole matter.

Mr. BRITT. If all the hearsay testimony in this record is to be eliminated, a great deal would be stricken out.

Mr. McCoy. When it is on a matter that I deem of very vital importance, as I do this particular aspect of the case, then I want to have the postmaster of Cleveland here, and I may ask you to bring two or three others.

Mr. BRITT. We are at the service of the committee, so far as the Post Office Department is concerned, but we have no jurisdiction over those who are not in the department, and if you want them the committee will have to bring them here at its expense.

Mr. McCoy. For the purposes of the report that I make, the statement of the postmaster of Cleveland, as quoted, will not be given any weight, and I will say so in the report.

Mr. BRITT. Then you ought to bring him here and sift the matter.

Mr. McCoy. It is rebuttal, brought in at the wrong time, and it was not responsive in any manner, shape, or form. If the department is going to rest with what I do in the matter then I am perfectly willing, but if they are going to bring anything up to offset then that is part of their case.

Mr. BRITT. We want you, as you have the making of the report, to put in this record anything that you wish. It is your inquiry and being conducted by you, and if there is any testimony by any witness of the Government with which you are not satisfied, the matter comes entirely within your province for disproof.

Mr. McCoy. Not at all when he makes an answer like that. The department will have full swing. But you come here from the department to make responsive answers.

Mr. BRITT. I think his answer was proper under the circumstances. He says the postmaster told him that. The postmaster did tell him that so far as we know.

Mr. McCoy. Is that your explanation of his testimony? As Mr. Britt now explains the matter in reference to your belief that the postmaster at Cleveland was deceived, it is that the postmaster told you and therefore you believed it.

Dr. GRANDFIELD. I believed it before.

Mr. McCoy. You believed it before?

Dr. GRANDFIELD. I think, if I am not mistaken, you will find an additional report from him on the same subject.

Mr. McCoy. I would not wonder at all, because you say: "I would be pleased to hear from you on the subject when you are satisfied in your own mind as to the utility of the table," and so forth.

Dr. GRANDFIELD. I think it should be placed in the record.

Mr. McCoy. Let us have his next report. That is what I am looking for.

Dr. GRANDFIELD. You have the file there.

Mr. McCoy. The file is at your service. There are six men from the department here who have just as much access to these papers as I have.

Mr. BRITT. We are not in charge of the witness, and you have charge of the hearing.

Mr. McCoy. I have not charge of the papers. There must be thousands of sheets of papers here. I informed you that when you want to send any one here to look over this file you can do it.

Dr. GRANDFIELD. I did not know that. I knew the canceling machine men had access to the papers, but I did not know whether the department had or not.

Mr. McCoy. They belong to the department. I am not going to put any chain and lock on them. I now offer a copy of a letter dated November 11, 1911, addressed to E. R. Monfort, postmaster, Cincinnati, Ohio, signed "C. P. Grandfield." Do you want to look at it? I would like to ask you one or two questions in regard to it.

EXHIBIT No. 205.

Personal.

NOVEMBER 11, 1911.

Hon. E. R. MONFORT,
Postmaster, Cincinnati, Ohio.

MY DEAR CAPTAIN: My attention has been called to your letter of the 17th ultimo regarding the use of a facing table in the Cincinnati post office, in which you give the result of a number of tests made on an ordinary facing table. If you think the employees of your office will face 75 letters per minute on an average with the ordinary table, I do not believe there is an necessity for using the patented table in the Cincinnati office. Candidly, my dear captain, I am from Missouri, and I have yet to see the man who can face up 75 letters a minute on an average of mixed mail, which, of course, is the only kind of mail which should be treated on the patented table or, in fact, on any table. If you have a man in your office who can average 106 pieces of mail a minute we should put him on the road immediately to teach other employees how to face mail.

Seriously, I think some one has made a mistake in tabulating the results obtained during the tests or else the test was made with mail which was practically faced.

Yours, very truly,

(Signed) C. P. GRANDFIELD.

G-C.

Dr. GRANDFIELD. I remember that letter; I dictated it.

Mr. McCoy. When did you have this conversation with the Cleveland postmaster that you spoke about in which you say he stated he believed he had been deceived?

Dr. GRANDFIELD. I can not fix the exact date.

Mr. McCoy. Can you fix it approximately?

Dr. GRANDFIELD. No; not now.

Mr. McCoy. It was about this report of May 3, 1911, which came from this office, I presume?

Dr. GRANDFIELD. Certainly. I remember I met him on the train coming from Pittsburgh to Washington, and that he was also in the office several times. Just exactly which time the conversation occurred I can not answer just at this moment.

Mr. McCoy. You say here: "Candidly, my dear Captain"—I suppose that is the postmaster, is it not?

Dr. GRANDFIELD. Yes.

Mr. McCoy (reading): "I am from Missouri, and have yet to see the man who can face up 75 letters a minute on the average of mixed mail," etc. How much of an effort have you made to see such a man?

Dr. GRANDFIELD. I watched the operation in a large number of post offices.

Mr. McCoy. Have you ever gone to Buffalo?

Dr. GRANDFIELD. Yes; not recently.

Mr. McCoy. Have you gone there since this matter of pick-up tables came up?

Dr. GRANDFIELD. No. While we are on that subject I would like to make a still further statement about that Buffalo report. When the report came in, Mr. Koons came to see me about it and stated, in his judgment, the post master was mistaken in his report and said, "I would like to go up there and see that operation myself." He says, "Suppose I go, or you go," and I said, "Very well, one or the other of us will go," but neither of us since has had time to go.

Mr. McCoy. How many Cummins tables were put into the post-office service in the meanwhile?

Dr. GRANDFIELD. What is the date of the letter?

Mr. McCoy. Do you refer to the letter from the Postmaster General or the report of the Buffalo postmaster?

Dr. GRANDFIELD. I refer to the letter from the postmaster at Buffalo.

Mr. McCoy. August 22, 1912.

Dr. GRANDFIELD. I presume probably 10 or 12 tables were put into the service from the date of that report.

Mr. McCoy. That they put in under contract?

Dr. GRANDFIELD. Yes, sir.

Mr. McCoy. What was the nature of the contract?

Dr. GRANDFIELD. You have the file showing the nature of the contract and the contract. My recollection is there was a contract to buy 20 or more of the facing tables during the current fiscal year.

Mr. McCoy. A contract that bound the department to do it?

Dr. GRANDFIELD. Well, the best answer to that would be the contract itself, which you have in your possession.

Mr. McCoy. Are you sure there was such a contract?

Dr. GRANDFIELD. That is my recollection.

Mr. McCoy. Mr. Bushnell, have you handled any such contract?

Mr. BUSHNELL. I am not certain.

Mr. McCoy. Have you the purchasing agent's file there, which ought to have in it this contract, if it exists?

Mr. BUSHNELL. I was referring to the committee report making the recommendation.

Mr. McCoy. What I want is the contract.

Mr. BUSHNELL. We have looked for it and we are unable to find it.

Mr. BRITT. This is a contract between the manufacturer and the department for a pick-up table at Buffalo, N. Y.

Mr. McCoy. A general contract which Dr. Grandfield says calls for the furnishing of 20 tables during the current fiscal year.

Mr. BRITT. Do you know the whereabouts of the contract?

Dr. GRANDFIELD. I suppose it is in the purchasing agent's file. My recollection is the advertisement for proposals called for a proposal to furnish 20 or more facing tables and I naturally assume when the proposal was accepted the contract was made by the purchasing agent.

Mr. MCCOY. I have here Exhibit No. 156 at page 360 of the record, which is the advertisement and specifications calling for the furnishing of approximately 20 machines for facing and automatically stacking mail, and one of the specifications is that it is believed that 10 machines of 8-pocket capacity and 10 machines of 5-pocket capacity will be required. This is but an estimate, however, and the department does not bind itself to purchase any particular number, but is to be at liberty to order a greater or less quantity. Was the contract made on that basis?

Dr. GRANDFIELD. I presume so. The contract was made through the office of the purchasing agent.

Mr. BRITT. One moment, if you please. Will you search for it, and we will also. I presume that contract was made in this way: We furnished an advertisement, along with specifications, and a blank proposal attached to it and forming a part of it, and with the contract was a response made to that advertisement by agreeing to furnish so many. That would be the probable form of the contract, would it not, Dr. Grandfield?

Dr. GRANDFIELD. I think so.

Mr. MCCOY. Is that the form which these matters usually take?

Dr. GRANDFIELD. I answered to the best of my knowledge.

Mr. MCCOY. If you do not know you should say you do not know, or if you profess to know I am going to ask you whether it is not the custom to enter into a formal contract after the bid is put in?

Dr. GRANDFIELD. Yes, sir.

Mr. MCCOY. And, consequently, it is not the advertisement and the bid together which are taken to make the contract, but a formal contract is made when the award is made?

Dr. GRANDFIELD. Yes, sir.

Mr. MCCOY. That is the contract we want if it is here. I state that Mr. Slack and I have looked through the papers for the contract and have been unable to find it in the files where I supposed it might be.

Mr. BRITT. In explanation of what I said, I had understood they were made by the purchasing agent in the manner I have just indicated. I know that is true of some things in the department supplies. I think we should ask the purchasing agent on that point.

Mr. MCCOY. I am not so much concerned whether the contract was made, but if it was made I would like to have it.

Dr. GRANDFIELD. Have you not there in the file the written proposal and the written acceptance? If you have, you have the contract.

Mr. MCCOY. I know that might be a contract, but it is not made in that way so far as I have observed. However, if you are willing to go on that, then your answer, refreshed by the specifications, to the question I asked a few minutes ago would be that the Government was not obliged to take any of the machines, would it not?

Dr. GRANDFIELD. Yes.

Mr. MCCOY. The specifications call for 10 machines of 8-pocket capacity. Do you know whether that many have been supplied since July 11, 1912?

Dr. GRANDFIELD. No; I do not.

Mr. McCoy. The specifications also called for 10 machines of 5-pocket capacity. Do you know whether that many have been supplied?

Dr. GRANDFIELD. I do not. I think you introduced in the record a statement from the department showing what capacity machines had been purchased—I mean, what facing tables were furnished and the dates.

Mr. McCoy. I believe it does not come down to date.

Dr. GRANDFIELD. I have a statement that comes down to date, but, unfortunately, it does not give the dates the machines were assigned—or ordered, perhaps, would be the better term. I can furnish that information at any time.

Mr. McCoy. Very well, if you will just have the dates of the assignments put on.

Mr. BRITT. That request is, that you want the date of the assignment.

Dr. GRANDFIELD. Yes; the dates of the facing tables we ordered during the current fiscal year.

Mr. McCoy. You say in Exhibit 205 that mixed mail is the only kind which should be treated on the patented table, or, in fact, on any table. You use the words "mixed mail" to distinguish from what other kinds of mail?

Dr. GRANDFIELD. Mail that is already faced. In some offices a considerable portion of the mail that is brought in is faced.

Mr. McCoy. Chicago is an office where a great deal of that is brought in?

Dr. GRANDFIELD. Yes, sir.

Mr. McCoy. And it is generally brought in about the same time of day, is it not?

Dr. GRANDFIELD. The same time of day as what?

Mr. McCoy. Day to day it usually comes in about the same time?

Dr. GRANDFIELD. Yes, sir.

Mr. McCoy. Late in the afternoon?

Dr. GRANDFIELD. Yes; about 5 o'clock, I think, before the collectors bring in their mail.

Mr. McCoy. And when that faced mail and the mixed mail get in there about the same time, that is the rush hour, Chicago or elsewhere?

Dr. GRANDFIELD. I presume so.

Mr. McCoy. Do you not know?

Dr. GRANDFIELD. I do not know what time the faced mail is brought in. I think it is brought in before the heavy collections begin to arrive. My recollection or understanding of the matter is that certain large offices, in consideration of the department sending men to get the mail, face it up and prepare it a little earlier than the heavy collections from the street boxes, so that it will relieve to that extent the work when the heavy collections are brought in.

Mr. McCoy. You say in Exhibit 205 if you had a man in your office who could average 106 pieces of mail a minute that you would put him on the road immediately to teach other employees how to face mail. What do you mean by averaging 106 pieces of mail a minute?

Dr. GRANDFIELD. Facing it.

Mr. McCoy. I know, but there would be different ways of finding out what a man could do. For instance, if he averages one-sixtieth of 106 pieces in a second, some people would say he could average 106 pieces in a minute. Did you mean that, or did you mean a man who for a minute could face 106 pieces?

Dr. GRANDFIELD. How does the statement read?

Mr. McCoy. It says that if you had a man in your office who could average 106 pieces of mail a minute, you would do so and so.

Dr. GRANDFIELD. Yes. I meant if he could average it.

Mr. McCoy. For how long a time? For the period of an hour, or what?

Dr. GRANDFIELD. I mean a reasonable time. But I presume that statement, literally interpreted, would mean a man who could pick up 106 pieces of mail in a minute, about, and could repeat the performance the next day and the following day. That was a method of arriving at an average.

Mr. McCoy. Did you ever get hold of one of these men who were said to be rapid on an ordinary table and send him out to give instructions in other post offices in the facing of mail?

Dr. GRANDFIELD. No. That was, I presume, a feeble attempt at sarcasm to show the absurdity of the report that had been made to the department. I assume the postmaster at Cincinnati was enough of a post-office man to know that a man could not face 106 pieces of mail a minute.

Mr. McCoy. They did that at the Buffalo office, did they not?

Dr. GRANDFIELD. I do not think so.

Mr. McCoy. Or it was reported that they did.

Dr. GRANDFIELD. Yes, reported.

Mr. McCoy. You said before recess something about Mr. Koons expressing a certain opinion about how rapidly mail could be faced on the ordinary table. What was it you said?

Dr. GRANDFIELD. I said he thought about 40 would be a good average for men to make in facing mail.

Mr. McCoy. But in making the statement in connection with the use of Mr. Koons's name you said something about postal experts.

Dr. GRANDFIELD. I said I had discussed it with a number of other postal experts.

Mr. McCoy. And they thought that about 40 was a good average?

Dr. GRANDFIELD. Yes. I think I have a statement here from a former chief inspector to that effect, a man who has served not only as an inspector, but as a railway mail clerk and as a post-office clerk and an assistant postmaster in a large office, and whose judgment I consider excellent.

Mr. McCoy. What was the date of his report?

Dr. GRANDFIELD. His report is dated April 17, 1908.

Mr. McCoy. What does he say about the average?

Dr. GRANDFIELD. I am not sure. [Reading:] "The facing of mail formerly referred to is performed on a long flat-top table. A man begins work by picking up letters with both hands, but when 25 or 30 come gathered together he holds them in proper position in one hand and picks up with the other, and at this point his efficiency is proportionately reduced. In actual work his loss equals 40 per cent of employees' time. There is also a delay to the mail for the very good reason that one can not expedite the dispatch or delivery of the mail by holding it. It must be constantly moving."

Mr. McCoy. Did he report the average?

Dr. GRANDFIELD. I am trying to find it now; I think he did. I do not find it in this report [after examining].

Mr. McCoy. He said the mail ought to be constantly on the move. Is it on the move constantly when it is being run through one of these patent facing tables—the Cummins tables?

Dr. GRANDFIELD. Yes; it goes directly from the facing table into the stacker, from there into the canceling machine, and from there to the primary distribution cases.

Mr. McCoy. But when it is in the stacker it is at a standstill?

Dr. GRANDFIELD. No; it is taken immediately from the stacker and put in the canceling machine. The stacker has only a limited capacity.

Mr. McCoy. Is not the stacker exactly what its name indicates—a place to stack the mail while it is waiting to be put into the canceling machine?

Dr. GRANDFIELD. Yes; that is the reason the department is very much interested in the perfection of a device to do away with the stacker—run the mail directly into the canceling machine without the intervention of an operator. I suppose the mail is delayed from 15 to 20 seconds in the stacker.

Mr. McCoy. Exhibit AAA for identification, being a compilation of certain reports in regard to facing mail by the ordinary method and by the mechanical method, I believe you testified was made in July, 1911, or thereabouts, was it not?

Dr. GRANDFIELD. The record will show; I do not remember. I thought it was July, 1912, but perhaps it was 1911.

Mr. McCoy. I was wrong; it was July, 1912.

Dr. GRANDFIELD. Yes, sir.

Mr. McCoy. In this there are reports from some 49 post offices.

Dr. GRANDFIELD. Forty-nine post offices that report on stacking mail and facing mail on the ordinary tables.

Mr. McCoy. In this exhibit it is shown that out of 49 reporting on the ordinary method there are 44 which show an average of above 40 a minute, and it is interesting to note that with the exception of the office at Toledo, Ohio, which reports 31 by the ordinary method, the Chicago post office is the lowest, namely, 35 by the ordinary method. Have you ever called Exhibit No. 166, page 365 of the record, being the letter of August 22, from the postmaster at Buffalo, Exhibit 168, page 368 of the record, being the letter of August 30, from the postmaster at Buffalo, Exhibit 173, at page 371, and Exhibit 175, at page 372, to the attention of the Postmaster General?

Dr. GRANDFIELD. No, sir.

Mr. McCoy. Do you remember what the idea was in Mr. Cummins's mind, if he expressed it to you, at the time when he first took up with you the question of mechanical facing tables? To make my question a little more concrete: What sort of a table was it which he then had in mind, if he told you?

Dr. GRANDFIELD. He had in mind an improvement on the facing tables that had been in use in the Chicago post office for 7 or 8 years, and also had in mind the construction of a stacking device to separate the long letters from the short letters automatically and overcome the objection of putting the short letters in one slot or pocket and the long letters in another slot or pocket, and also for running the mail directly through this stacker into the canceling machine,

thus avoiding the necessity for a man to operate or feed the canceling machine. Mr. McMillin, the chief inspector, and I tried to devise a similar device in the Washington post office.

Mr. McCoy. Was that not accomplished at one time on one of the Hey-Dolphin canceling machines in the Washington post office?

Dr. GRANDFIELD. It was attempted.

Mr. McCoy. Was it not accomplished to a certain extent at any rate?

Dr. GRANDFIELD. The experiment was not altogether a disappointment, but it was not, on the other hand, successful enough to justify us in trying it over there. I asked the president of the International Postal Supply Co. at that time, Mr. Dolphin, if he could develop a stacker that would enable the department to send the mail direct from the facing tables through the canceling machines without an operator. He said he would build a machine for \$1,500, but he would not guarantee it to do the work.

Mr. BRITT. It has not been perfected to this day, I understand?

Dr. GRANDFIELD. No.

Mr. McCoy. To accomplish that result, the Cummins machine has not been perfected either?

Dr. GRANDFIELD. No.

Mr. McCoy. Does not the Hey-Dolphin machine handle that matter much better than the Time Marking machine?

Dr. GRANDFIELD. The Washington office said no.

Mr. McCoy. Who made that report? You understand my question: Did not the Hey-Dolphin machine come nearer to solving the problem of running letters straight through without the intervention of a stacker than the Time Marking machine?

Dr. GRANDFIELD. I do not know as to that.

Dr. GRANDFIELD. At the time I witnessed the test the Hey-Dolphin machine was coupled up to the facing table, and whether they ever tried it with the time-marking machine or not I do not know. I do not recall now whether they did or not. The test showed it would necessitate a different kind of a stacker from any we have ever tried—a stacker that would separate the long letters from the short letters—because the canceling machine can not be so adjusted to handle first a short letter and then a long letter. It takes a special adjustment for the long letters and then a readjustment for the short letters.

Mr. BRITT. Was it the inventor's idea to have that arrangement as a separate piece?

Dr. GRANDFIELD. It was to be a part of the facing table and canceling machine. The two were to operate together. The development of such a stacker would necessitate an increase in the speed of the canceling machine. His plan, as explained to me, is after this stacker is perfected, to have a machine, which is the difficulty, that would, temporarily at least, have a capacity of 1,000 or 1,500 pieces of mail per minute.

Mr. BRITT. Would it eliminate the necessity of a feeder?

Dr. GRANDFIELD. Yes, sir; and it will have some sort of a governor device by which high speed will drop back to the normal speed, say, 700, after the necessity for the high speed has passed; that is, when the men are facing mail with unusual rapidity—when they get hold of mail that can be faced faster than ordinary mail.

Mr. BRITT. And the problem is to meet the conditions of the mail as to different lengths?

Dr. GRANDFIELD. Yes, sir.

Mr. McCoy. Has Mr. Cummins told you whether he is experimenting with that alone, or whether Mr. Lynch or Mr. Galbraith are taking a hand in it?

Dr. GRANDFIELD. Mr. Lynch, as I understand it, is the man whose ideas he is developing. I do not think Mr. Galbraith has any ability as a mechanic. I would like to say further in respect to the facing table that Mr. Cummins told me that the first perfected facing table that he is furnishing to the department cost him in the neighborhood of \$22,000.

Mr. McCoy. You consider that has what relevancy to this inquiry?

Dr. GRANDFIELD. As showing the expense of experimentation.

Mr. McCoy. How much time of the Government officials was taken out of their regular hours for such experimentation, if you know?

Dr. GRANDFIELD. I do not know. I do not know of any time. I have no reason to think it has taken any of their time. I would like to qualify that statement by saying it has taken a great deal of my time after office hours.

Mr. McCoy. I offer a sheet of paper dated May 6, 1911, addressed to B. F. Cummins, Chicago, Ill., marked Exhibit 206. This Exhibit 206 is incomplete.

EXHIBIT No. 206.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
DIVISION OF SALARIES AND ALLOWANCES,
Washington, May 6, 1911.

Mr. B. F. CUMMINS, *Chicago, Ill.*

SIR: With reference to your letter of the 25th ultimo, in regard to furnishing an additional number of the Cummins pick-up tables for use in the larger post offices, you are advised that there is practically no balance remaining of the appropriation for the purchase of labor-saving devices for the present fiscal year. It will, of course, be impossible to arrange in advance for the purchase of an additional number of tables from the appropriation which will be available beginning July 1, 1911.

With respect to the tables recently purchased and assigned to the post offices of Washington, D. C.; Baltimore, Md.; Philadelphia, Pa.; and Chicago, Ill.; and at the Hudson Terminal Station, New York City, the department has requested detailed reports from the postmasters of these offices concerning the operation of the tables and of their apparent utility for the handling of large quantities of mail, and it is expected the replies will shortly be received. There has been some criticism that certain parts of the tables and stacker mechanism, such as the auxiliary and feed-roll rubbers and the feed belts, wear out rapidly and will frequently have to be replaced. The table in the Washington office.

It is only one sheet of paper unsigned and a lead pencil is drawn right through all the typewriting on it, and annexed to it was the paper which I now offer and will be received as Exhibit 207.

EXHIBIT No. 207.

POST OFFICE DEPARTMENT,
OFFICE OF FIRST ASSISTANT POSTMASTER GENERAL,
DIVISION OF SALARIES AND ALLOWANCES,
Washington.

Mr. BUSHNELL: It is not necessary to go into the other feature of the matter now, as we have written to Mr. Cummins concerning the reports of the postmasters of Cleveland and New York regarding the work of the tables, and have furnished him copies of the postmasters' letters.

FIRST ASSISTANT POSTMASTER GENERAL.

Mr. BRITT. What would that pencil line drawn through this paper indicate?

Mr. McCoy. That is explained on Exhibit 207, I take it. Exhibit 207, which was annexed to 206, is a direction to rewrite for certain reasons.

Dr. GRANDFIELD. Before you go into that I would like to make another statement about this question of labor-saving devices.

Mr. McCoy. Just a minute. It is indorsed: "Rewrite and return. C. P. G." Doctor, about the explanation you mention, I take it that Mr. Britt will bring that out.

Dr. GRANDFIELD. I thought it would throw considerable light on the subject and might be useful to you.

Mr. McCoy. I have no doubt it will, but I think later on would be a better time as the wind-up of the whole matter.

Mr. BRITT. It is my purpose to sound the witness on various matters, but I do not want to interrupt you.

Mr. McCoy. I think it would be better if I go ahead and you can bring in those matters later. I have here a letter which says that a report is inclosed from the postmaster at Chicago, a report from Mr. Lynch in regard to pick-up tables, and to submit it in connection with previous report from this office dated May 31, 1911, and memorandum attached initialed by Dr. Grandfield says: "Additional report by John T. Lynch on the pick-up tables at the Cleveland post office," and then a memorandum says: "See report filed." We have not been able to find that report.

Dr. GRANDFIELD. What office is that?

Mr. McCoy. Cleveland office. I take it they refer to the same thing. The letter is dated June 3, 1911, and the memorandum is June 10, 1911.

Dr. GRANDFIELD. It is in that report, I think, you will probably find a statement from the postmaster at Cleveland which I referred to a while ago. We can not find that.

Mr. McCoy. I offer letter dated October 10, 1912, to the First Assistant Postmaster General from the postmaster at Rochester, N. Y., marked "Exhibit No. 208."

EXHIBIT No. 208.

EJD/D

UNITED STATES POST OFFICE,
OFFICE OF THE POSTMASTER,
Rochester, N. Y., October 10, 1912.

HON. FIRST ASSISTANT POSTMASTER GENERAL,
Division of Salaries and Allowances. Washington, D. C.

SIR: Replying to your favor of the 1st instant (CH), would state that some time during August of this year a representative of the Cummins pick-up table called at this office and endeavored to interest me in his table. His comparison of results obtained by his table over the old-style ordinary facing table in use at this office interested me to such an extent that I have had a great number of tests made by our clerks during different periods of the day and I find that the average for each clerk on our present pick-up table is 90 letters a minute. As this average exceeds the highest general average claimed for the Cummins table and, taking into consideration the purchase price and cost of maintenance of the latter, I do not deem it advisable in the interest of economy to apply for its installation.

Very respectfully,

J. A. CRANE, *Postmaster.*

Mr. McCoy. In Exhibit No. 208 the postmaster at Rochester says, among other things: "I have had a great number of tests made by our clerks during different periods of the day, and I find that the average for each clerk on our present pick-up table is 90 letters a minute." What do you say as to the postmaster at Rochester having been misled or not?

Dr. GRANDFIELD. I think that is an extraordinarily good showing on the part of his men. He had his experts at it.

Mr. McCoy. How do you know he had experts?

Dr. GRANDFIELD. Because of the fact that he faced 90 per minute. That takes extra good work.

Mr. BRITT. Not on the ordinary table.

Mr. McCoy. "On our present pick-up table." I will continue: "As this average exceeds the highest general average claimed for the Cummins table, and taking into consideration the purchase price and the cost of the maintenance of the latter, I do not deem it advisable, in the interest of economy, to apply for its installation." Did you testify before recess to-day that you believed that experts should be put at the mechanical pick-up table?

Dr. GRANDFIELD. How do you mean experts?

Mr. McCoy. I mean what I say. You used the word experts within the last two minutes.

Dr. GRANDFIELD. I do not think so.

Mr. McCoy. You say he had some of the expert clerks at this work.

Dr. GRANDFIELD. I say these clerks doing it were unusually expert. I do not think the meaning is the same.

Mr. McCoy. Then I will put that meaning into it. Did you intimate before recess that you thought that men expert on the mechanical pick-up tables should be placed at that table for work?

Dr. GRANDFIELD. Yes.

Mr. McCoy. Do you know of any place where that has been done?

Dr. GRANDFIELD. I think any new man coming into the service, after a few weeks' experience on the machine facing table, becomes expert. It is an easy process to learn. They learn better than men who are accustomed to use the ordinary table.

Mr. McCoy. They learn more rapidly, you say?

Dr. GRANDFIELD. I think so; yes. That is what I have been told. A man becomes accustomed to do a piece of work in a certain way. It is more difficult for him to learn a new way than it is for a new man just coming into the service who has nothing to unlearn.

Mr. McCoy. You talk about it as though it were a wonderfully complicated piece of business.

Dr. GRANDFIELD. I do not think so.

Mr. McCoy. Mr. Britt has asked me not to let anybody go to the post office from this committee for the purpose of getting information to use as evidence unless accompanied by somebody from the department. I happened to go before that request was made and before the post office had written me giving me the permission, or, in fact, before I asked for it, and I hope that anybody who reads this testimony, if he is interested, will take the pains to go into the post office and see how extremely simple the whole business is.

Mr. BRITT. You admit skill in handling the mail can be used?

Mr. McCoy. Certainly it can. But I will take a man down to the Washington post office and put him up against the crowd at the

mechanical facing table, and if he never saw the table before he could beat them on the machine. Take the men who are working at the ordinary table—they are a more intelligent-looking lot of men—and I venture to say in 15 minutes, if a man never saw a mechanical pick-up table, he could go there and beat the men now at that table.

Mr. BRITT. It is not so much a question as to the performance of the work as it is the acquisition of skill.

Mr. McCoy. These men were working at that time, and I watched them work, and I watched the men at the ordinary table. Take the men away from the mechanical table and put these other men there and in 15 minutes, I venture to say, they could beat these other men. They were picking up mail and dropping it in there as fast as they could. The carriers would come in and dump it on the table; but they were doing a work that a 15-year-old boy could do.

Mr. BRITT. There are half a dozen things that influence the work.

Mr. McCoy. I know it; but Dr. Grandfield has magnified this work a great deal.

Dr. GRANDFIELD. No; I have not. Your conclusion that I stated it was a complicated piece of work is not justified.

Mr. McCoy. No; but you go to work and speak about the skill that was necessary to work one of these tables, these mechanical tables, successfully.

Dr. GRANDFIELD. I made no such statement.

Mr. McCoy. I infer it from what you said; and you go so far as to send a man, who is taken from his regular duties, Inspector Lynch, all over the United States to tell people how to do this thing.

Dr. GRANDFIELD. That was only a part of his duties. The more important part—

Mr. McCoy. The more important part transpires later, but when he was first assigned he was assigned on these tables, and all these things about primary distribution came up after he went on his trip.

Dr. GRANDFIELD. They were in his first letter as instructions.

Mr. McCoy. I would like to have you find it. But in regard to getting men to do good work on the ordinary table, although three or four postmasters report the same thing, and when the postmaster at Rochester reports good work then you say he must have wonders in his office. What he has there, I suppose, are men who are probably looked after to see that they earn their money. What is the cost of the upkeep of an 8-pocket facing table?

Dr. GRANDFIELD. I do not know. But it is very small—trivial.

Mr. McCoy. What is it?

Dr. GRANDFIELD. I do not know.

Mr. McCoy. Then you have no business to say it is insignificant. What is the cost of the Buffalo table?

Dr. GRANDFIELD. I think it is stated.

Mr. McCoy. I know, but what is it?

Dr. GRANDFIELD. Are you simply trying to test my recollection? I think it is \$108.

Mr. McCoy. On what do you rely—the report of the inspector?

Dr. GRANDFIELD. I rely on the postmaster's statement. Does he give the cost there?

Mr. McCoy. Page 374 of this record, Exhibit 175, the inspector reports that the cost of two facing tables No. 5 is \$99. One facing table with steel top is \$34; total, \$133. What is the cost of the Cummins 8-pocket table?

Dr. GRANDFIELD. \$1,550.

Mr. MCCOY. What is the cost of the 5-pocket table?

Dr. GRANDFIELD. \$1,250. You have a report there from the purchasing agent's file. That showed the test made on the original facing table put into the Chicago post office.

Mr. MCCOY. You mean the Cummins table or the Lamson?

Dr. GRANDFIELD. I mean the original facing table put into the Chicago post office when the building was first occupied.

Mr. MCCOY. Was that a Lamson or Cummins table?

Dr. GRANDFIELD. I think it was a Cummins. It was built by the Lamson Company, it is true.

Mr. MCCOY. I do not remember seeing the purchasing agent's file with that in it.

Dr. GRANDFIELD. A number of exhibits were taken from that file, but the only paper that would really illuminate the subject was, for some unknown reason, omitted.

Mr. MCCOY. Which purchasing agent file do you mean—the one we started with back in the beginning of these hearings?

Dr. GRANDFIELD. No: it was one of the files you had from which you introduced a number of exhibits.

Mr. MCCOY. Oh, yes.

I am going to offer in evidence here so much of Exhibit AAA for identification as is included from the beginning on the left-hand side to and including the heading entitled, "Increased efficiency, mechanical," together with Note 1, which explains the footing at the bottom of the column headed "Increased efficiency, mechanical." I will have this copied off and that will be marked "Exhibit 209."

EXHIBIT No. 209.

Office.	Tables in use.			Pieces faced per clerk per minute.		Increased efficiency mechanical (per cent).
	Lamson.	Cummins.	Ordinary.	Ordinary.	Mechanical.	
New York, N. Y.		6	93	60	62	3
Chicago, Ill.		11		35	62	77
Philadelphia, Pa.		2		48	60	26
Boston, Mass.		1	4	47	56	19
St. Louis, Mo.		3	2	51	65	27
Brooklyn, N. Y.			6	85		
Pittsburgh, Pa.			3	75		
San Francisco, Cal.		2		50	66	32
Cincinnati, Ohio		1		56	71	
Cleveland, Ohio		2			68.5	
Kansas City, Mo.			12	61		
Baltimore, Md.		1	10	40	60	50
Detroit, Mich.		2		52	68½	32
Minneapolis, Minn.		1	2	57	82	44
Buffalo, N. Y.			3	75		
Milwaukee, Wis.			7	57		
Los Angeles, Cal.	2			45	60	32
Washington, D. C.		2	7	55	65	18
Indianapolis, Ind.		1		70	100	43
St. Paul, Minn.			2	60		
Denver, Colo.			4	65		
Newark, N. J.			4	40		
Atlanta, Ga.		1		61	89	46
Rochester, N. Y.			2	70		
Louisville, Ky.		1	1	53	65	23
New Orleans, La.		1	4	45	63	40
Omaha, Nebr.			7	82		
Seattle, Wash.			2	51		
Portland, Oreg.			4	60		
Columbus, Ohio			3	85		

EXHIBIT No. 209—Continued.

Office.	Tables in use.			Pieces faced per clerk per minute.		Increased efficiency mechanical (per cent).
	Lamson.	Cummins.	Ordinary.	Ordinary.	Mechanical.	
Providence, R. I.			13	94		
Des Moines, Iowa			5	90		
Toledo, Ohio			10	31		
Dallas, Tex.		1	2	60	106	77
Richmond, Va.			1	48		
Memphis, Tenn.			3	144		
Syracuse, N. Y.			1	95		
Dayton, Ohio			2	95		
Springfield, Mass.			2	69		
Nashville, Tenn.			2	32		
Hartford, Conn.				32		
Albany, N. Y.			2	63		
New Haven, Conn.			2	80		
Jersey City, N. J.			8	38		
Grand Rapids, Mich.			1	109		
Spokane, Wash.			2	57		
Worcester, Mass.			2	60		
Scranton, Pa.			1	60		
Jacksonville, Fla.			2	60		
Houston, Tex.			3	79		
	2	39		65	71	19 or 36

¹ 9 per cent increase considering all offices; 36 per cent increase considering only those having mechanical tables.

Memorandum dated February 10, 1910, initialed by Dr. Grandfield, addressed to Mr. Waters, double-crossed and marked, "Mr. Wood":

EXHIBIT No. 210.

C.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, February 10, 1910.

MR. WATERS: I think the American Co. should be willing to furnish these machines for about \$150 each, provided we buy 25 or more. According to your report of February 7 there is more than \$11,000 in the canceling-machine appropriation unexpended and available. This amount should be increased rather than decreased, since a number of automatic machines are being displaced on account of the discontinuance of back stamping. Estimate as accurately as you can how much money we will have available and call for proposals from the American Postal Machines Co. and also from the Hey-Dolphin Co. for the purchase of such number of hand-power machines as the appropriation warrants.

C. P. G.

G-C.

Memorandum dated February 11, 1910, entitled "Canceling machines," addressed to Dr. Grandfield, and signed "G. L. W.", which stands for Mr. Wood, I suppose, with memorandum at the bottom initialed by Dr. Grandfield:

EXHIBIT No. 211.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
DIVISION OF SALARIES AND ALLOWANCES,
Washington, February 11, 1910.

DR. GRANDFIELD: The available balance on the canceling machine appropriation is now, approximately, \$11,000. During the remainder of the fiscal year it is estimated that the following demands will be made on this appropriation: For repairs, supplies, etc., \$3,000; for rent of the Universal canceling machines soon to be installed, \$1,250;

for power, \$500; for motors, \$500; and for installation, \$200. The total of these charges aggregates \$5,450. Deducting this amount from the present balance on the appropriation, \$5,550 remains as the probable amount available for the purchase of canceling machines. This amount is insufficient to purchase more than 25 hand-power machines.

In your memorandum you suggest that we call for bids both from the International Co. and the American Co. As we are only in a position, however, to purchase about 25 machines, it seems to me as if all that we could reasonably hope to do would be to buy about that many machines of the type manufactured by the American Co. If we call for bids from both companies, we will get offers from the American Co. for a machine that rents for \$60 per annum, and from the International Co. for a somewhat larger machine that rents for \$90 per annum. There will necessarily be quite a difference in price and the two bids will not, therefore, be submitted on the same basis. I think that the only machine we are in a position to purchase at this time is the American Handpower No. 2, and would suggest that we do not ask for bids from the International Co., but merely call for proposals from the American Co. to submit terms for the purchase of 25 machines. In the letter calling for the bid we might say that the department believes that a material reduction should be made in the sum of \$200 that was paid for the machines purchased last year.

G. L. W.

I think we should invite bids from both companies.

C. P. G.

GLW-FG.

Memorandum dated April 2, 1911, entitled, "Cummins pick-up tables," addressed to Dr. Grandfield and signed "E. H. Thorp Superintendent," with lead pencil memorandum at the bottom initialed by Dr. Grandfield, with a reference on it to Mr. Davis:

EXHIBIT No. 212.

C. D.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
DIVISION OF SALARIES AND ALLOWANCES,
Washington, April 28, 1911.

DR. GRANDFIELD: Attached hereto is a letter from Mr. B. F. Cummins stating that he now has 9 pick-up tables completed and ready for use, and that 15 are in process of construction, which will be ready by July 1. He would like to know when the tables will be assigned and is willing to ship them out before July 1. The current appropriation for labor-saving devices is depleted, and the department is without authority to make any more immediate assignments. In view of present conditions it is not known just what sort of a reply should be made to Mr. Cummins.

E. H. THORP, *Superintendent.*

D.

Write him regarding the condition of the appropriation, but that if he is willing to send several of the tables to certain designated offices for a test without any obligation on the part of the department to buy we would be glad to avail ourselves of the opportunity and that we will pay the freight.

C. P. G.

And now, Dr. Grandfield, if you have the computation called for on page 386 of this record, by the question: "I would like to have you bring here a calculation both in figures and a comparison, machine for machine, between the machines bid for in the Cummins bid of October 31, and what I call the secret bid, on the one hand and the American Co.'s bid on the other, showing how you arrived at the conclusion that, all things considered, machine for machine, and everything else in those bids, the Cummins bid was the lowest bid?" Have you that computation?

DR. GRANDFIELD. Before I answer that question, I desire to say that my conclusions as to what was the lowest bid had absolutely no bearing on the question of award or of readvertising, except to justify me in concurring in the committee's recommendation, nor did it in any way influence the committee or the action subsequently taken.

By an entirely different process of reasoning the committee arrived several months afterwards at the conclusion that it would be decidedly advantageous for the Government to readvertise for the bids, and so reported to the Postmaster General. I merely concurred in this recommendation.

Mr. McCoy. Which recommendation?

Dr. GRANDFIELD. The recommendation of the canceling-machine committee that a new advertisement be made.

Mr. McCoy. Was the conclusion reduced to written form?

Dr. GRANDFIELD. Yes, sir; it is one of the exhibits in the record.

Mr. McCoy. Suppose now we see if we can find it. I would like to get a reference to it.

Mr. BRITT. As I understand it, you refer to the report of the committee.

Dr. GRANDFIELD. It is the recommendation of the committee that a new advertisement for bids be called for.

Mr. BRITT. That was February 20, 1912, as I remember it.

Dr. GRANDFIELD. The memorandum is Exhibit F, page 24.

Mr. McCoy. Exhibit E is the report of the committee which you say recommended for other reasons than the question of low bid, that there be a readvertising, and Exhibit F, on page 24, is your memorandum approving it.

Dr. GRANDFIELD. Yes, sir. Now, answering your inquiry. [Reading:]

In the following 10 post offices where the receipts are a half million dollars or more per annum, all of the postmarking and back stamping is done by automatic canceling machines known as the "flier" and made by the International Postal Supply Co.: St. Louis 9. Baltimore 4. San Francisco 5. Indianapolis 2. St. Paul 3. Atlanta 2. Rochester 4. Des Moines 2. Jersey City 2. and Grand Rapids 1, a total of 34 machines.

At the remaining 36 post offices having receipts of half a million dollars or more per annum most of the postmarking is done by automatic canceling machines made by the International Postal Supply Co., American Postal Machines Co., and the Time Marking Machine Co., a total of 234 machines, assigned as follows: Stoddard (American Postal Machines Co.) 11. "Flier" (International Postal Supply Co.) 163, and Cummins (Time Marking Machine Co.) 60. The machines in use at each of the 36 post offices are as follows:

New York, N. Y.: 3 Combinations, 1 Drop-feed, 51 Fliers, 8 Model S, 1 Universal.
Chicago, Ill.: 6 Combinations, 2 Fliers, 41 Cummins, 13 Doremus, 8 Cummins No. 11 (Government owned).

Philadelphia, Pa.: 18 Combinations, 7 Drop-feeds, 3 No. 1 Hand-power, 7 Fliers, 1 Universal.

Boston, Mass.: 6 Stoddards, 31 Combinations, 35 Drop-feeds, 8 No. 1 Hand-power, 1 No. 2 Hand-power, 2 Fliers, 2 No. 1 Hand-power (Government owned).

Detroit, Mich.: 2 Combinations, 4 Fliers, 1 Model S, 2 Cummins, 1 Columbia.

Denver, Colo.: 3 Fliers, 4 No. 1 Hand-power (Government owned).

Minneapolis, Minn.: 4 Fliers, 1 Model S, 2 Model L, 1 Cummins, 1 Columbia, 1 Doremus.

Louisville, Ky.: 2 No. 1 Hand-power, 2 Fliers, 1 Cummins.

Los Angeles, Cal.: 3 Combinations, 1 Drop-feed, 4 Fliers, 2 No. 1 Hand-power, 1 Model S.

Pittsburgh, Pa.: 8 Combinations, 4 Drop-feeds, 5 No. 1 Hand-power, 6 Fliers, 2 Cummins.

Brooklyn, N. Y.: 8 Fliers, 10 Model S, 4 Model L, 2 Columbias, 1 Universal.

Cleveland, Ohio: 3 Combinations, 2 No. 1 Hand-power, 3 Fliers, 5 Universals.

Cincinnati, Ohio: 9 Combinations, 1 Drop-feed, 2 No. 1 Hand-power, 5 Fliers, 1 Columbia, 1 No. 1 Hand-power (Government owned).

Kansas City, Mo.: 1 Stoddard, 1 Flier, 2 Cummins.

Newark, N. J.: 3 Fliers, 1 Model L.

Buffalo, N. Y.: 1 Stoddard, 2 Combinations, 1 Drop-feed, 4 Fliers, 1 Model L.

New Orleans, La.: 3 Fliers, 1 Cummins, 1 Cummins No. 11.

Milwaukee, Wis.: 4 Fliers, 2 Cummins, 2 Columbias, 1 Doremus.

Omaha, Nebr.: 3 Fliers, 1 Columbia.

Seattle, Wash.: 2 Fliers, 1 Model L.
 Washington, D. C.: 1 Stoddard, 1 Combination, 5 Fliers, 1 Cummins, 1 Columbia,
 1 Universal, 1 Doremus, 1 Cummins No. 11.
 Hartford, Conn.: 1 Combination, 2 Fliers.
 Toledo, Ohio: 1 Flier, 1 Model L, 2 Cummins, 1 No. 1 Hand-power (Government
 owned), 1 Cummins No. 11.
 Dallas, Tex.: 1 Flier, 1 Model L, 1 Cummins.
 Richmond, Va.: 1 No. 1 Hand-power, 2 Fliers, 1 Doremus.
 Memphis, Tenn.: 1 No. 1 Hand-power, 2 Fliers, 1 Model S.
 Scranton, Pa.: 1 Flier, 1 Cummins, 1 No. 1 Hand-power (Government owned).
 Portland, Oreg.: 1 Stoddard, 2 Fliers.
 Columbus, Ohio: 2 Fliers, 1 Model S.
 Providence, R. I.: 7 Drop-feed, 2 No. 1 Hand-power, 1 Flier.
 Syracuse, N. Y.: 1 Stoddard, 1 Flier, 1 Universal.
 Nashville, Tenn.: 1 Flier, 1 Cummins.
 Springfield, Mass.: 1 Drop-feed, 1 Flier, 1 Cummins.
 New Haven, Conn.: 1 Drop-Feed, 2 No. 1 Hand-power, 2 Fliers, 1 No. 1 Hand-
 power (Government owned), 1 Doremus.
 Albany: 2 Fliers, 1 Universal.
 Dayton, Ohio: 2 Fliers, 1 Universal.

The foregoing 46 post offices produce about 61 per cent of the entire gross receipts at first and second class post offices; in other words, at offices where canceling machines are used. It is fair to assume, therefore, that 60 per cent of the work is done at these offices by 254 automatic canceling machines, the smaller machines being assigned to the stations and branch offices. At the time the bids for furnishing canceling machines were opened, October 31, 1911, it was my opinion that it would not be possible to substitute for the 254 high-grade automatic machines at these offices an equal number of Stoddard machines. I estimated that at an office the size of Baltimore, for instance, where all of the postmarking is done by four Fliers made by the International Postal Supply Co., it would require at least one additional Stoddard machine to do the work. At New York I estimated that it would require 10 additional Stoddard machines, at Chicago 9, Philadelphia 2, Boston 2, St. Louis 1, Pittsburgh 1, Brooklyn 1, and 1 each at the following offices: Cleveland, San Francisco, Cincinnati, Detroit, Kansas City, Minneapolis, Buffalo, Milwaukee, Indianapolis, St. Paul, Denver, Atlanta, Newark, Rochester, Louisville, Omaha, Portland (Oreg.), Seattle, Columbus, Providence, Des Moines, Toledo, Dallas, Richmond, Memphis, Syracuse, Hartford, Nashville, Springfield, Albany, Grand Rapids, a total of 58 machines, thus adding \$10,050 to the bid of the American Postal Machines Co. In addition to these 46 post offices, which produce a gross revenue of more than \$118,000,000, all of the postmarking and canceling in each of the following important offices, where the gross receipts are not less than \$100,000 and up to \$450,000 per annum, the work is done by one Flier machine:

Montgomery, Ala.; Berkeley, Cal.; Fresno, Cal.; Stockton, Cal.; Colorado Springs, Colo.; Waterbury, Conn.; Wilmington, Del.; Savannah, Ga.; Moline, Ill.; South Bend, Ind.; Davenport, Iowa; Topeka, Kans.; Lexington, Ky.; Shreveport, La.; Augusta, Me.; Saginaw, Mich.; Springfield, Mo.; Hoboken, N. J.; Orange, N. J.; Trenton, N. J.; Binghamton, N. Y.; Flushing, N. Y.; Charlotte, N. C.; Raleigh, N. C.; Wilmington, N. C.; Fargo, N. Dak.; Springfield, Ohio; Youngstown, Ohio; Allentown, Pa.; Erie, Pa.; Johnstown, Pa.; Reading, Pa.; Wilkes-Barre, Pa.; Williamsport, Pa.; Charleston, S. C.; Columbia, S. C.; Chattanooga, Tenn.; Houston, Tex.; Norfolk, Va.; Roanoke, Va.; Charleston, W. Va.; Wheeling, W. Va.; Schenectady, N. Y.; Yonkers, N. Y.

In some of these offices, at least, it would not be possible to substitute a Stoddard machine for the Flier machine now in use.

My judgment as to the relative value of the Stoddard was formed from statements made by postmasters and other postal officials with whom I had discussed canceling machines and from a very full and comprehensive report made by C. M. Waters under date of March 17, 1910, at which time Mr. Waters was superintendent of the Division of Salaries and Allowances, the position Mr. Koons now occupies. This is the original report referred to, from which I will read some extracts and submit the report as an exhibit to be included in the record.

The following extracts are quoted from the report:

"I visited the mailing division at a time when all machines were not needed to handle the mail being worked and I noticed that both Hey-Dolphins were running and nicely caring for the mail. I made inquiries regarding the Stoddard machine, which, up to that time, I had never seen, and I must say I was surprised and disappointed in its construction. I found the man in charge of the machine to be very capable, and I questioned him as to the working of the Stoddard machines especially. I was struck with the feed mechanism which, to me, is identical with that used on the hand machines furnished by the American people. In fact, the whole machine

appeared very much similar in construction to the hand machines manufactured by that company, and I think the mistake has been made in undertaking to convert a hand machine into a high-grade power machine by simply connecting it with a motor, with a capacity equal to the Hey-Dolphin Flier, and far beyond the speed ever intended when introduced as a hand machine. The machines in use are, in my opinion, not of proper construction to stand the speed at which they are geared. The feeding device is the same as that used on hand machines Nos. 1 and 2, built by the same company—small round, rubber wheels, set in the edge of a wheel about 6 or 7 inches in diameter, at opposite points. Those rubber wheels are supposed to revolve slightly when coming in contact with each letter passing through the machine. They are supposed to be adjusted so that they will thus revolve, but I find that it is possible for the operator or the person having charge of the machine to so firmly secure the screw which performs the functions of an axle, under the head of which is a coil spring, that the wheel does not revolve at all. The result is that it is immediately worn flat in the spot exposed and is expected to do the work in that condition. The satisfactory life of this small rubber wheel in the Boston office is four hours, while in an office like Lancaster or York, where it is the only machine they have, and where naturally the work is much easier, these little feed wheels last possibly two days. The machine has the appearance of having been hastily constructed, and if I am not mistaken since observing the several machines, I think it will be found that out of the 23 Stoddard machines in use there are in some respects more than a dozen different constructions.

* * * * *

Letters are forced so hard against the trip that the ends of the envelopes are torn. A small piece of metal about 1 inch by 5 inches, which is thrown up out of the way to allow long letters to accumulate in the stacker, rests, when needed for short letters, in a slot cut in the side of the guide. If the slot were the proper size and closely fitted to this adjustable piece, the further mutilation of the ends of the letters would not occur. In the face of the table is a moving belt, with an exposed surface of about 4 inches by 6 inches, which is constantly in motion, with a view to assisting in feeding the mail into the canceling device. The front edge of the plate cut out in order to bring the face of the belt up even with the surface of the table is square and interferes greatly with the feeding of the letters. In a finished product this edge would either be nicely beveled or rounded. * * * From my observation of the machines I think the report of the superintendent of Essex Street Station, where the "Stoddard" is the only high-speed machine used, will differ greatly from the report of the superintendent of mails in the main office, where the Stoddard machine, if called upon to do its part, as compared with the Hey-Dolphin Flier, will be found wanting to a great extent. On the other hand, it is the best they have in the Essex Street Station, and the report received from that place will be similar to the ones received from smaller offices, such as Lancaster and York, Pa., where the Stoddard is the only machine which they have, and everything possible is done to keep it in good order.

"While in Boston I went to the office and assembling room of the American Postal Machines Co. Mr. Stoddard, who has generally conducted the business with the department, was very ill and his physician would not allow him to be told that I was in Boston. I found from conversation with different ones in the factory that they are still experimenting with the Stoddard machine and I called attention to the defects as far as I had observed them in the machines in use in the main office and was advised that they were improving the machine, etc. * * *

"At York the Stoddard is the only machine they have. This machine, I think, was installed in October, 1909. Since that time there have been six visits by a representative of the company. The life of the rubber feed wheel at this office is about two days. They have been unusually fortunate in having a man who understood that the wheels must be adjusted so as to revolve slightly. The rounding of the edge, heretofore mentioned, in the table is necessary. The machine receives good attention and every effort is made to handle it properly. The bearing of the packer finger was too loose. They are using their second impression roll. The screw holding the printing cylinder to the shaft works loose; there are no rawhide disks on this machine such as were found on the machine in the Lancaster office. Certain parts of the machine are very hard to clean. This machine is speeded entirely too high (about 650). I caused to be run through the machine a quantity of even circular matter which, after it had passed through and stacked up in the stacker, a torn streak appeared the entire length of the front edge of the row of letters. The same difficulty was noticed as in some of the other machines, in having the slot nearly twice the size necessary for the stop for short letters in the stacker. I do not think that I am mistaken in the opinion that the construction of this machine is almost identical with the hand-power machine which we rent for \$60 and \$80 a year, except as changed in order to apply the motor power."

Now, I have here the original report, and also a copy of it.

Mr. McCoy. Suppose you keep it in mind and offer the copy as an exhibit after you have finished reading your statement.

Dr. GRANDFIELD. Very well. [Reading:]

On the other hand, the Cummins machine could, in my opinion, take the place of any automatic machine used in the service, including the Flier, since tests have demonstrated that it is equal to any machine used in the service, so far as speed is concerned. Conclusive evidence that this statement is true, so far at least as the Chicago post office is concerned, is shown by the fact that in 1908 and 1909 the postmaster of Chicago agreed to displace Flier machines made by the International Postal Supply Co. and to accept in exchange an equal number of the Cummins machines. The exchange was made, machine for machine, and the service has been performed satisfactorily by the Cummins machine since that date.

That my conclusion as to the relative value of the three high-grade automatic machines used in the service for the last three or four years, so far at least as speed is concerned, was correct, is shown in a striking way by the reports from a number of representative post offices of a series of tests made on these three makes of high-grade machines—that is, the Cummins, the Flier, and the Stoddard. The tests of the Flier machines were made during the months of November, 1911, in the following post offices: Bridgeport, Conn.; Buffalo, N. Y.; Kansas City, Mo.; Boston, Mass.; Syracuse, N. Y.; Washington, D. C.; Pittsburgh, Pa.; Peoria, Ill.; and in the following stations of the New York City post office: Station B, Station E, Station P, Madison Square Station, and Wall Street Station. The test of the Stoddard machine was made during the same time in the following post offices: Syracuse, N. Y.; Boston, Mass.; Kansas City, Mo.; Buffalo, N. Y.; Warren, Pa.; York, Pa.; Mobile, Ala.; Pawtucket, R. I.; Decatur, Ill.; Brockton, Mass.; Norristown, Pa.; Station B of Washington, D. C.; Meridian, Miss.; Lancaster, Pa.; Tampa, Fla.; Bangor, Me.; and Canton, Ohio. The tests of the Cummins machines were made in the following post offices: Bridgeport, Conn.; Nashville, Tenn.; Richmond, Ind.; Washington, D. C.; Pittsburgh, Pa.; Passaic, N. J.; Mansfield, Ohio; Kansas City, Mo.; Scranton, Pa.; Flint, Mich.; Lafayette, Ind.; Kansas City, Kans.; Peoria, Ill.; Minneapolis, Minn.; and Springfield, Mass.

A compilation of the reports from these offices shows the following averages:

Flier 2: 13 machines; 39 tests of 5 minutes each; average number of pieces per minute 522; average number of pieces per hour 31,320; average per cent of skips 1.93.

Stoddard: 17 machines; 51 tests of 5 minutes each; average number of pieces per minute 409; average number of pieces per hour 24,540; average per cent of skips 3.74.

Cummins: 15 machines; 45 tests of 5 minutes each; average number of pieces per minute 524; average number of pieces per hour 31,440; average per cent of skips 4.597.

These tests show that the Cummins machine is slightly faster than the Flier, while the skips are more frequent, the percentage being 4.597 for the Cummins as against 1.93 for the Flier. The Stoddard ranks last in speed and intermediate as to skips, the percentage being 3.74. Based on the speed tests the Stoddard represents about 78 per cent of the capacity of the Cummins or the Flier.

I made no comparison of the intermediate and handpower machines. I had seen the electric machine offered by the B. F. Cummins Co. for sale at a price of \$90 and had witnessed its operation in the Washington, D. C., post office, not only as an electric machine but as a handpower machine. I had also seen a model of one of the turret machines now described as Nos. 5, 7, and 11.

I also had a general knowledge of the intermediate machines made by the American Postal Machines Co.; that is, the Combination machine, the drop-feed, and the handpower machine, the Combination and drop-feed having been used in the service for five or six years. However, the service is absolutely dependent upon these high-grade machines in the large offices, the intermediate machines being of very much less importance. It would be absolutely impossible to handle the mails at the present time without delays in the larger offices were the canceling machines withdrawn. On the other hand, at the smaller offices where the intermediate machines are used, while the withdrawal of the machine might cause great inconvenience and add materially to the expenses of the service, yet their withdrawal would not necessarily delay the prompt dispatch of first-class mail matter.

I think I have shown conclusively that it would require at least 58 more high-grade automatic machines of the Stoddard pattern to take the place of the 254 high-grade machines now in the service than it would of the Cummins pattern, and this would make the proposal of the American Postal Machines Co. a few thousand dollars higher

than the bid of the B. F. Cummins Co. As a result of the second advertisement all of the principal canceling-machine companies submitted bids, several of which are lower than the bids obtained under the first advertisement. Without taking into consideration the question of efficiency, the proposals of the American Postal Machines Co. and the B. F. Cummins Co. to furnish the entire number of machines called for in the advertisement are again the lowest. A comparison of the proposals of these two companies, on the basis of the entire award, is as follows:

	Bid of Oct. 31, 1911.	Bid of Mar. 10, 1912.
American Postal Supply Co.....	\$193,594	\$168,100
B. F. Cummins Co.....	198,820	169,900
B. F. Cummins Co. (lowest bid).....		152,700

Mr. McCoy. When you refer to the Cummins machine you refer to the machine made by the Time Marking Machine Co., called the "Cummins"?

Dr. GRANDFIELD. That is right.

Mr. McCoy. Not the machine made by the B. F. Cummins Co.; is that right?

Dr. GRANDFIELD. Yes.

Mr. McCoy. Now, let me see if I understand you correctly. Did you make all of this calculation before you reached the decision that the bids of October 31, 1911, ought to be rejected?

Dr. GRANDFIELD. This was the calculation that I made when I formed the opinion that the Cummins bid was lower than the bid of the American Co., shortly after the bids were opened.

Mr. McCoy. You made all the comparisons, did you?

Dr. GRANDFIELD. Not in writing; that is, I did not prepare any such elaborate statement as this for my own information.

Mr. McCoy. Just what did you do in order to advise yourself on that?

Dr. GRANDFIELD. Exactly what I have said that I did here.

Mr. McCoy. In other words, you went through the same mental operation at that time without reducing it to writing?

Dr. GRANDFIELD. Without reducing it all to writing. I made a calculation as to how many machines there were in these different offices and how many machines of the automatic type it would require to take the place of the Flier machines and the Cummins machines.

Mr. McCoy. Did you put that down in writing?

Dr. GRANDFIELD. Part of it.

Mr. McCoy. What part did you put in writing?

Dr. GRANDFIELD. I put the gross number of machines and the number of places in which they were doing all of the canceling and postmarking.

Mr. McCoy. Did you turn that over to the canceling machine committee?

Dr. GRANDFIELD. Certainly not. I had no dealings with the canceling-machine committee. I did not even advise the canceling-machine committee that I had arrived at any such conclusion.

Mr. McCoy. It was a rather important memorandum, was it not?

Dr. GRANDFIELD. You attach a great deal of importance to it.

Mr. McCoy. Didn't you?

Dr. GRANDFIELD. No; it was simply an estimate that I made to ascertain which was the lowest bid.

Mr. McCoy. Now, you prepared—or rather, you have read from—a report by Mr. Waters, in which he points out what he says he discovered in the way of mechanical defects in the Stoddard machine. What machine was that?

Dr. GRANDFIELD. The Stoddard machine is a machine made by the American Postal Machines Co. It is a high-grade automatic machine.

Mr. McCoy. I don't remember whether Mr. Waters said anything about the speed of that machine; did he?

Dr. GRANDFIELD. I think he said a good deal about it.

Mr. McCoy. I mean in that report.

Mr. BRITT. The report will speak for itself when it is in the record.

Dr. GRANDFIELD. He says:

In fact, the whole machine appeared very similar in construction to the hand machines manufactured by that company, and I think the mistake has been made in undertaking to convert a hand machine into a high-grade power machine by simply connecting it with a motor, with a capacity equal to the Hey-Dolphin Flier and far beyond the speed ever intended when introduced as a hand machine. The machines in use are, in my opinion, not of proper construction to stand the speed at which they are geared.

Mr. McCoy. Did you take that statement into consideration when you were determining the cost?

Dr. GRANDFIELD. Naturally I took everything into consideration that I knew about.

Mr. McCoy. Now, does Mr. Waters in that report anywhere say anything about the speed—measured by an actual test—of the Stoddard machine?

Dr. GRANDFIELD. Yes. He says:

From my observation of the machines I think the report of the superintendent of Essex Street Station, where the "Stoddard" is the only high-speed machine used, will differ greatly from the report of the superintendent of mails in the main office, where the "Stoddard" machine, if called upon to do its part, as compared with the Hey-Dolphin Flier, will be found wanting to a great extent.

Further on he says:

We are paying for the Stoddard automatic machine \$250 a year; for the Hey-Dolphin S machine, which, in construction, compares favorably with the Hey-Dolphin Flier, we pay \$150 a year.

It is my opinion that the Hey-Dolphin S machine does not require any such close attention and continual tinkering as the Stoddard.

Mr. McCoy. Now, do you want us to understand that when you made the comparison, shortly after the bids were opened, for the purpose of determining which was the lower bid, the American Co.'s bid or the Cummins Co.'s bid, that you compared the high-speed Stoddard, which you have spoken of, with any machine which the Cummins Co. offered?

Dr. GRANDFIELD. I compared it with the Time Marking Machine Co.

Mr. McCoy. But that was not offered on October 31, was it?

Dr. GRANDFIELD. I assumed that it was. That was my understanding.

Mr. McCoy. When did you find your mistake?

Dr. GRANDFIELD. When the canceling machine committee made its report.

Mr. McCoy. When was that—I mean, about when was it? You mean the report in which they recommend readvertising?

Dr. GRANDFIELD. I found out my mistake when the tests were made in Washington, in January, 1912.

Mr. McCoy. And that was before it was decided to readvertise, was it?

Dr. GRANDFIELD. Yes.

Mr. McCoy. Then you discovered that the Cummins Co. did not offer any machine that had been used in the service?

Dr. GRANDFIELD. Yes.

Mr. McCoy. Then of what use was the report of Mr. Waters in helping you to reach your conclusions as to advertising again or not?

Dr. GRANDFIELD. You are asking a different question now from the one that you asked in the beginning. Is that what I understand?

Mr. McCoy. I do not know.

Dr. GRANDFIELD. Your original question had reference to the basis on which I arrived at the conclusion immediately after the bids were opened that the Cummins bid was lower than the American bid.

Mr. McCoy. But you did not act on that conclusion at the time?

Dr. GRANDFIELD. No; nor at any time.

Mr. McCoy. But you have testified that it was your opinion that the readvertising ought to be made, because of a certain comparison which you made, enabling you to reach the conclusion that the Cummins bid was the lower bid, all things considered.

Dr. GRANDFIELD. That was the conclusion I reached immediately after the opening of the bids in October. In the meantime I had other sources of information. I had seen the new Cummins machine operate in the Washington office, also in the Chicago office.

Mr. McCoy. I am not talking about the new Cummins machine at all. You have testified in this record, I believe, that the reason why it was your opinion that there ought to be a readvertising was that you made a comparison of the Cummins bid, the B. F. Cummins Co., and the American Co.'s bid, and you determined that, all things considered, the B. F. Cummins bid was the lower.

Dr. GRANDFIELD. That may be, but at the same time the best evidence is not what I have stated but what I wrote to the Postmaster General, and that is in the record.

Mr. McCoy. What did you write to him?

Dr. GRANDFIELD. You read it a few minutes ago.

Mr. BRITT. Page 24 of the record.

Dr. GRANDFIELD (reading):

I transmit herewith a report from the canceling machine committee recommending, in view of the Assistant Attorney General's ruling, that one of the bids, that made by the Cummins Co., is not responsive to the advertisement and ought not to be considered; that all of the bids be rejected and new proposals invited. I think this is a wise conclusion, and feel sure that the Government will profit by the readvertisement.

Mr. McCoy. Well, at any rate, you discovered before the date of Exhibit F, February 20, 1912, that you had in October, soon after the bids were opened, made a calculation for the purpose of ascertaining which was the lower bid, and made it on a wrong basis.

Dr. GRANDFIELD. Yes.

Mr. McCoy. Now, I have in my hand here reports of three sets of tests. Are those the three sets of tests which you have referred to in the statement you have just read [handing papers to witness]?

Dr. GRANDFIELD (examining papers). Yes; I have reason to think so. You will notice that the Cummins machine was not tested in the Chicago post office.

Mr. McCoy. What significance has that statement?

Dr. GRANDFIELD. It would not have any significance to me. I thought it might to you.

Mr. McCoy. I was going to read these summaries into the record, but as they appear in full in the report, I will not do so. Will you let me see that report of Mr. Waters?

Dr. GRANDFIELD. Here is the original and here is the copy [handing papers to Mr. McCoy].

Mr. McCoy. Did you read all of this statement which you have just handed me?

Dr. GRANDFIELD. Yes; I would like to have it returned when you are through with it, as I have no copy.

Mr. McCoy. Very well. There will go into the record at this point the report of C. M. Waters, dated March 17, 1910, which Dr. Grandfield referred to in the statement which he has recently made in the record:

EXHIBIT No. 213.

[Memorandum for the Postmaster General.]

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
DIVISION OF SALARIES AND ALLOWANCES,
Washington, March 17, 1910.

As directed in your order No. 2953, dated March 5, 1910, I visited Boston, Mass., Lancaster, Pa., and York, Pa., for the purpose of examining into the merits of the canceling machine known as the Stoddard, manufactured by the American Postal Machines Co., Boston, Mass. I arrived in Boston on the morning of March 8 and called upon the postmaster, who advised me that he had received the department's letters of March 5 and 7 on this same subject. The mailing division in the Boston office is equipped with two Hey-Dolphin Fliers and three or four machines of the Stoddard type; also one or two other machines of less importance. I visited the mailing division at a time when all machines were not needed to handle the mail being worked, and I noticed that both Hey-Dolphins were running and nicely caring for the mail. I made inquiries regarding the Stoddard machine, which, up to that time, I had never seen and I must say I was surprised and disappointed in its construction. I found the man in charge of the machines to be very capable and I questioned him as to the working of the Stoddard machines especially. I was struck with the feed mechanism, which to me is identical with that used on the hand machines furnished by the American people. In fact, the whole machine appeared very much similar in construction to the hand machines manufactured by that company, and I think the mistake has been made in undertaking to convert a hand machine into a high-grade power machine by simply connecting it with a motor, with a capacity equal to the Hey-Dolphin Flier and far beyond the speed ever intended when introduced as a hand machine. The machines in use are, in my opinion, not of proper construction to stand the speed at which they are geared.

The feeding device is the same as that used on hand machines Nos. 1 and 2 built by the same company—small round rubber wheels set in the edge of a wheel about 6 or 7 inches in diameter, at opposite points. These rubber wheels are supposed to revolve slightly when coming in contact with each letter passing through the machine. They are supposed to be adjusted so that they will thus revolve, but I find that it is possible for the operator or the person having charge of the machine to so firmly secure the screw which performs the functions of an axle, under the head of which is a coil spring, that the wheel does not revolve at all. The result is that it is immediately worn flat in the spot exposed and is expected to do the work in that condition. The satisfactory life of this small rubber wheel in the Boston office is about four hours, while in an office like Lancaster or York, where it is the only machine they have and where naturally the work is much easier, these little feed wheels last possibly two days. The machine has the appearance of having been hastily constructed, and if I am not mistaken, since observing the several machines, I think it will be found that out of the 23 Stoddard machines in use there are in some respects more than a dozen different constructions. On one of the machines in the Boston office a set screw at the lower part of the shaft which connects with the motor has

worked loose at one time and cut a circle around the shaft. This never would have occurred if the machine had been properly and carefully constructed. The automatic inking device is not a success and the ink pads are being inked by hand. In the operation of the machine the operator must give it the most careful attention always. He must have one hand on the stacker and feed the mail with the other hand and at the same time try to keep his eyes on both ends of the machine. Letters are forced so hard against the trip that the ends of the envelopes are torn.

A small piece of metal about 1 inch by 5 inches, which is thrown up out of the way to allow long letters to accumulate in the stacker, rests, when needed for short letters, in a slot cut in the side of the guide. If the slot were the proper size and closely fitted to this adjustable piece the further mutilation of the ends of the letters would not occur. In the face of the table is a moving belt with an exposed surface of about 4 inches by 6 inches which is constantly in motion with a view to assisting in feeding the mail into the canceling device. The front edge of the plate cut out in order to bring the face of the belt up even with the surface of the table is square and interferes greatly with the feeding of the letters. In a finished product this edge would either be nicely beveled or rounded. The front edge, of the right-hand feed plate, or the plate that stands at right angles to the bed of the table where the letters are fed into the machine, is ground down to a sharp edge, and in one case I found that the operator had severely cut his hand in operating the machine. There is no reason for its being sharp at all. From my observation of the machines I think the report of the superintendent of Essex Street Station, where the "Stoddard" is the only high-speed machine used, will differ greatly from the report of the superintendent of mails in the main office, where the Stoddard machine if called upon to do its part, as compared with the Hey-Dolphin Flier, will be found wanting to a great extent. On the other hand, it is the best they have in the Essex Street Station, and the report received from that place will be similar to the ones received from smaller offices, such as Lancaster and York, Pa., where the Stoddard is the only machine which they have and everything possible is done to keep it in good order.

While in Boston I went to the office and assembling room of the American Postal Machines Co. Mr. Stoddard, who has generally conducted the business with the department, was very ill with pneumonia and his physician would not allow him to be told that I was in Boston. I found from conversation with different ones in the factory that they are still experimenting with the Stoddard machine and I called attention to the defects as far as I had observed them in the machines in use in the main office, and was advised that they were improving the machine, etc. I did not have the strength to go into the investigation as thoroughly as I would liked to have done, but in all candor I would say do not attempt to compare the Stoddard machine with the Hey-Dolphin Flier, because to any man with a knowledge of mechanics and mechanical construction it would be like comparing a "thoroughbred" with an ordinary "plug." The Hey-Dolphin machines in the Boston office have been in operation 11 years and to all intents and purposes they are the same machines to-day as they were on installation. I incidentally learned during my visit at the factory that it would be possible for this company to supply from 25 to 40 machines of the Stoddard type on full three months' notice.

On reaching Lancaster I discovered that the Stoddard machine, which is the only one in that office, receives good care. The same difficulty was found with the edge of the table where cut out for the feed belt—"should be beveled or rounded." Since the installation of the machine on December 1, 1909, two visits have been made to Lancaster by the representatives of the company. The machine is supposed to be speeded to a capacity of 650 a minute. In my opinion it is entirely too high; the construction of the machine will not stand it for any length of time. The packer finger bearing was quite loose; it runs, with one exception, as fast as any part of the machine. They have had the second impression roll. The upright shaft connecting the mechanism with the motor has been replaced with an improved shaft having a double knuckle joint this because of the excessive vibration of the motor. The small rawhide disks "u" and "y" on the chart of the machine came out and it required a local expert to replace them properly. (At York the machine has none of these small rawhide disks.) The machine is very noisy. The automatic oiler reaching the cam roller does not work properly retaining the oil but four or five minutes, and the cam roller is very hard to reach otherwise; a set screw must be removed and there are no proper tools with which to do it. The socket wrench would be a proper tool.

At York the Stoddard is the only machine they have. This machine, I think, was installed in October, 1909. Since that time there have been six visits by a representative of the company. The life of the rubber feed wheel at this office is about two days. They have been unusually fortunate in having a man who understood that the wheels must be adjusted so as to revolve slightly. The rounding of the edge, heretofore men-

tioned, in the table is necessary. The machine receives good attention and every effort is made to handle it properly. The bearing of the packer finger was too loose. They are using their second impression roll. The screw holding the printing cylinder to the shaft works loose; there are no rawhide disks on this machine such as were found on the machine in the Lancaster office. Certain parts of the machine are very hard to clean. This machine is speeded entirely too high (about 650). I caused to be run through the machine a quantity of even circular matter which, after it had passed through and stacked up in the stacker, a torn streak appeared the entire length of the front edge of the row of letters. The same difficulty was noticed as in some of the other machines, in having the slot nearly twice the size necessary, for the stop for short letters in the stacker. I do not think that I am mistaken in the opinion that the construction of this machine is almost identical with the hand-power machine which we rent for \$60 and \$80 a year, except as changed in order to apply the motor power.

Relative to the purchase of canceling machines, I am of the opinion that it would be a mistake to buy any machines except hand-power machines and that the purchase of only such number of machines from any company as would guarantee its continuance in business. For instance, I am satisfied that the Cummins people of Chicago would gladly sell us every one of their machines to-day. What price they would want I do not know, but if they are offering them to others they would certainly offer them to the Government. What would the department do with machines in the future when it would be necessary to duplicate each and every part of them, and the necessity for which occurs very frequently?

In conclusion, the present contract for the Hey-Dolphin Flier is \$400 a year. We are paying for the Stoddard automatic machine \$250 a year; for the Hey-Dolphin S machine, which in construction compares favorably with the Hey-Dolphin Flier, we pay \$150 a year. It is my opinion that the Hey-Dolphin S machine would nicely care for the business at both Lancaster and York, Pa., without the necessity for such close attention and continual tinkering with the machine, as is now apparently necessary with the Stoddard. I believe the Hey-Dolphin people would admit that the S machine could be speeded up a little higher and safely given a capacity almost, if not quite, equal to the Stoddard machine.

Respectfully submitted.

(Signed) C. M. WATERS, Superintendent.

On the back of Exhibit 213 is the following memorandum:

March 17, 1910. Mr. Hitchcock: I realize that this communication is of considerable length, but I believe it is worthy of your careful perusal. C. M. Waters, Superintendent.

What was he superintendent of?

Dr. GRANDFIELD. The Division of Salaries and Allowances.

Mr. BRITT. Before I close, Mr. Chairman, the Postmaster General has a messenger on the way here with a letter to you pertaining to this investigation. It incloses certain correspondence, and that correspondence is with me and I hand you the correspondence now in anticipation of that letter, and I ask that it be considered part of the letter when the letter comes. This refers to the maximum time in which he would be compelled to award contracts for these machines. It may be here now. [Messenger hands papers to Mr. Britt.] Yes, this is it, Mr. McCoy [handing papers to Mr. McCoy].

Mr. McCoy. I will put this all in to-morrow. There is just one request I want to make. I would like to have a letter sent to the postmaster at Kansas City; another one to the postmaster at Cleveland, Ohio; another one to the postmaster at Springfield, Mass., asking them to send all correspondence which they have in connection with canceling machines, pick-up tables, all reports and everything they have affecting the matter, originals and copies, together with a letter of transmittal to the Post Office Department enumerating what it is they inclose, and stating that that is all there is in their offices on the subject. I say that because the postmaster at Chicago leaves us a little in the air on that feature of it.

Dr. GRANDFIELD. Very well. Is there any other report you want?

Mr. McCoy. If you get the things asked for in those letters I wrote on Tuesday, that would help us a little.

Dr. GRANDFIELD. I made inquiry about those letters, and I could not find that they had been received.

Mr. McCoy. I will give you copies of them. I will also give you a number of other things that do not appear to be here.

Mr. BRITT. I will ask Mr. Bushnell to stay here and get them, as I will have to go now.

Mr. McCoy. On page 38, in the middle of the page. [Reading:]

Dr. GRANDFIELD. Yes, sir; it was referred by him to the chief clerk of the department, who prepared a memorandum which bears the receipt date, I think.

Farther down on that same page. [Reading:]

Dr. GRANDFIELD. Just as I gave it: That the Postmaster General received that report and turned it over to the chief clerk of the department, who made a memorandum, perhaps a brief, since the report was very voluminous, and returned it to him. The source of my information is that I saw the report on the Postmaster General's desk, and he in person handed it to me.

Then over on page 60. [Reading:]

Dr. GRANDFIELD. I do not believe that letter is in the files here. I think it is in the department, and I have no doubt it can be found down there.

On page 72, the letter of August 31, which is referred to on that page—a copy of it.

Page 82, a copy of the reply of the Postmaster General to Exhibit B.

Page 99, down at the bottom of the page. [Reading:]

Dr. GRANDFIELD. I think, Mr. Bushnell, they are in the department.

The papers referred to in the rest of that answer.

On page 115, near the top. [Reading:]

Dr. GRANDFIELD. We looked for that this morning—the papers there referred to. Down at the bottom of that page [Reading:]

Mr. McCoy. That covers the reports on all three of these machines, Nos. 5, 7, and 11?

I want to know whether those have all been turned in to this committee.

On page 253 you say [reading]:

On the advice of the law officer of the department it was decided to revoke the order of December 9, calling for bids for 100 high-grade canceling machines.

We would like to have that opinion of the Attorney General.

Dr. GRANDFIELD. But you have that.

Mr. McCoy. We have the one on the October 31 bid, but none of these bids advertised for a week or so ago.

On page 303 Dr. Grandfield, in his answer at the bottom of the page, refers to a certain letter which is not here.

On page 305, the letter referred to in Exhibit 66.

Page 306, the telegram referred to in Exhibit 67.

Page 307, the letter referred to in Exhibit 70, where it says: "Your favor of the 22d is received."

Page 330, the report of the Chicago postmaster on the pick-up table at Cleveland, referred to in Exhibit 109.

Page 334, Exhibit 114, "It is believed that another visit to the Indianapolis office is advisable, in view of your report of the 19th instant." Let us have that report.

Page 335, copy of the letter to Mr. Lynch, referred to in Exhibit 115, right at the top of the page.

Page 370, the report referred to at the top of the page, being a report under date of May 25 from the postmaster at Buffalo, N. Y. That covers the requests.

Now, Mr. Bushnell, here are the copies of those letters which I sent recently [handing papers to Mr. Bushnell]. Please return those to us, as I suppose the originals will be found at the department.

Mr. BUSHNELL. They have evidently not been referred out to us yet. I might not be able to get all of these exhibits by to-morrow morning.

Mr. McCoy. Very well; get them as soon as you can. We will now adjourn until 10.30 to-morrow morning.

SUBCOMMITTEE OF COMMITTEE ON EXPENDITURES
IN THE POST OFFICE DEPARTMENT,
HOUSE OF REPRESENTATIVES,
Friday, January 3, 1913.

The subcommittee met at 10.45 a. m., Hon. Walter I. McCoy presiding.

Mr. McCoy. I have here a letter from the Postmaster General dated January 2, 1913, in regard to the latest date before which he will have to decide on making the awards, transmitting certain correspondence, telegraphic and otherwise, and my reply to his letter, so I will just offer these now.

Mr. BRITT. Let me see a copy of the reply.

Mr. McCoy. Yes [handing paper to Mr. Britt]. I will mark them as exhibits; it will save a little time.

Letter from the Postmaster General, dated January 2, 1913, addressed to Walter I. McCoy, subcommittee. It will be Exhibit No. 214.

EXHIBIT No. 214.

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., January 2, 1913.

HON. WALTER I. MCCOY,
*Chairman Subcommittee Committee on
Expenditures in the Post Office Department,
House of Representatives, Washington, D. C.*

MY DEAR MR. MCCOY: With reference to the request of your committee that no contracts for the rental of canceling machines be awarded until the pending investigation relative to these and other labor-saving devices is concluded, I beg to inform you that on the 26th ultimo inquiries were addressed to the Universal Stamping Machine Co., of New York City; the American Postal Machines Co., of Boston, Mass.; and the B. F. Cummins Co., of Chicago, Ill., as to the time required for the manufacture and installation of the machines covered by their bids of March 20, 1912. Replies have been received, stating in the case of each of the first two companies named that a period of 90 days, and in the case of the last-named company an award not later than January 15, 1913, would be necessary in order to comply with the requirements of the contracts.

The department will be glad to do everything possible to facilitate the committee's inquiry, but, in view of the large saving that can be effected, I feel that the interest

of the postal service requires the award of these contracts not later than January 15, 1913. So far as I am aware the awarding of the contracts will not interfere with the investigation now in progress.

Copies of the correspondence with the several companies are inclosed.

Yours, very truly,

FRANK H. HITCHCOCK, *Postmaster General.*

Copy telegram dated December 26, 1912, addressed to the B. F. Cummins Co., Chicago, Ill., signed "Holmes, purchasing agent." Exhibit No. 215.

EXHIBIT No. 215.

[Telegram.]

POST OFFICE DEPARTMENT,
Washington, December 26, 1912.

B. F. CUMMINS Co.,
Ravenswood Station, Chicago, Ill.:

State minimum time required to construct and install in service by July 1, 1913, 150 No. 7, 250 No. 11 electric, and 250 No. 11 hand machines, in accordance with your proposal March 20, 1912, under usual bond required for performance of contractor.

(Signed) HOLMES, *Purchasing Agent.*

Copy telegram dated Chicago, Ill., December 26, 1912, addressed to J. A. Holmes, purchasing agent, and signed "B. F. Cummins Co." Exhibit No. 216.

EXHIBIT No. 216.

[Night letter.]

CHICAGO, ILL., *December 26, 1912.*

Hon. J. A. HOLMES,

Purchasing Agent, Post Office Department, Washington, D. C.:

Your telegram of this date received. In order that we may construct and install in service by July 1, 1913, 150 No. 7, 250 No. 11 electric, and 250 No. 11 hand machines in accordance with our proposal of March 20, 1912, we must receive your order not later than January 15, 1913. We are so situated and equipped that we could make and install more machines in that time because a large quantity of stock can be ordered and obtained as quickly as a small one. The above time, however, is the minimum, whether the number be 650 or more.

(Signed) THE B. F. CUMMINS Co.

11.45 p. m.

Copy telegram dated December 26, 1912, to the Universal Stamping Machine Co., New York, signed "Holmes, purchasing agent." Exhibit No. 217.

EXHIBIT No. 217.

[Telegram.]

POST OFFICE DEPARTMENT,
Washington, December 26, 1912.

UNIVERSAL STAMPING MACHINE Co.,
Hudson Terminal Station, New York, N. Y.:

State minimum time required to construct and install in service by July 1, 1913, 75 model C and 40 model B machines in accordance with your proposal March 20, 1912, under usual bond required for performance of contract.

(Signed) HOLMES,
Purchasing Agent.

Copy letter dated December 26, 1912, addressed to J. A. Holmes, purchasing agent, and signed by the Universal Stamping Machine Co. Exhibit No. 218.

EXHIBIT No. 218.

UNIVERSAL STAMPING MACHINE CO.,
30 CHURCH STREET,
New York, N. Y., December 26, 1912.

Hon. J. A. HOLMES,
Purchasing Agent, Post Office Department, Washington, D. C.

DEAR SIR: Replying to your telegram, received at our office to-day, we beg to advise you as follows:

On receipt of the department letter, dated December 9, 1912, notifying us of the award to this company of 75 Model C machines, at \$250 each per year, and 100 Model B machines, at \$144 each per year, we telegraphed orders for additional material for the construction of both types of machines, and such material is now on hand and in process of manufacture.

Several months previous to December 9 we had commenced construction of additional machines with tools and jigs for making our Models B and C, with the result, and specifically answering your telegram of to-day, we can deliver 75 Model C machines within 90 days and 100 Model B machines within 90 days.

NOTE.—We have 60 Model B machines now in the service and have 20 Model B machines in stock, ready for immediate delivery.

Our new factory is so equipped that we can make and install by July 1, 1913, 250 Model C machines and 500 Model B machines.

These figures are conservative and based only upon our present equipment and in no way limits the capacity of this company to handle a larger contract.

Thanking you for your attention, we are,

Very truly, yours,

(Signed) UNIVERSAL STAMPING MACHINE CO.,
By WALTER H. BOWES, *President*,
Per GR.

GHG/FS.
WHB/FS.

Copy telegram dated December 26, 1912, addressed to the American Postal Machines Co., Boston, Mass., and signed "Holmes, purchasing agent." Exhibit No. 219.

EXHIBIT No. 219.

[Telegram.]

POST OFFICE DEPARTMENT,
Washington, December 26, 1912.

AMERICAN POSTAL MACHINES CO.,
295 Congress Street, Boston, Mass.:

State minimum time required to construct and install in service by July 1, 1913, 75 new model Stoddard and 300 No. 1 electric machines in accordance with your proposal March 20, 1912, under usual bond required for performance of contract.

(Signed) HOLMES, *Purchasing Agent*.

Copy telegram dated Boston, December 27, 1912, addressed to J. A. Holmes, purchasing agent, signed "American Postal Machines Co." That will be marked "Exhibit No. 220."

EXHIBIT No. 220.

[Telegram.]

POST OFFICE DEPARTMENT.
Washington.

J. A. HOLMES,
Purchasing Agent, Post Office Department, Washington, D. C.:

Answering telegram of yesterday, approximately 90 days required.

(Signed) THE AMERICAN POSTAL MACHINES CO.

Copy letter from this subcommittee dated January 2, 1913, addressed to the Postmaster General, but not sent until this morning, January 3; this will be marked "Exhibit No. 221."

EXHIBIT No. 221.

JANUARY 2, 1913.

HON. FRANK H. HITCHCOCK,
Postmaster General, Washington, D. C.

MY DEAR MR. HITCHCOCK: I thank you for yours of this date, inclosing copies of the inquiries addressed to manufacturers for the purpose of ascertaining what time will be required for the manufacture and installation of the machines covered by their bids of March 20, 1912, and the replies thereto.

I note that the B. F. Cummins Co. states that it can not fill its quota of machines if the award is made later than January 15, 1913. I regret that this company names such an early date, especially as the other companies who are not responsible for any of the delay that has occurred in this matter name 90 days.

You say, "So far as I am aware the awarding of the contract will not interfere with the investigation now in progress."

The purpose of the investigation when first undertaken was to ascertain whether or not the purchase and rental of canceling machines was being handled as it should be, and especially whether in the matter of the award of contracts on the bids opened March 20, 1912, any further steps should be taken before the awards can fairly be made. Naturally if an award is to be made by January 15, 1913, the investigation so far as this purpose is concerned might as well be closed. The result would be the letting of a four-year contract when a full consideration by you of the testimony taken and to be taken might lead to further action on your part before making the award.

In view of the date fixed by you I would urge that a telegram be sent at once to the postmaster at Chicago calling for the information requested in the subcommittee's letter of December last with reference to its question of the invention, patenting, and assignments of patents for various devices by employees in the Chicago post office. It is important that this information should be in the possession of the subcommittee immediately, especially so much of it as refers to those machines made by the B. F. Cummins Co. which the canceling machine committee recommends for the service and for which, presumably, a contract is to be awarded.

Sincerely, yours,

Mr. BRITT. May I ask what is the particular information called for by the Chicago office that was brought up before I was called into the case?

Mr. MCCOY. The situation is that employees of the Chicago post office are making inventions which are being sold either before or after application for patent, or in some way or other acquired by the B. F. Cummins Co., for devices for use in the post office, and the same employees are the ones who are making the reports on the merits of the machines.

Mr. BRITT. What are you asking for? That is my question.

Mr. MCCOY. Oh, I am asking for full information in regard to the inventors—whether patents have been taken out, whether patents have been assigned, and all information; whether they are receiving royalties on the patents or whether they are selling them outright, and, generally, what the situation is.

Mr. BRITT. What is the status of the answer to the committee's inquiry?

Dr. GRANDFIELD. Mr. McCoy last night gave Mr. Bushnell a copy of his letter dated December 30. I made inquiry at the post office and the original letter had not been received, so I took the carbon copy and dictated a reply to Mr. McCoy and also to the post office at Chicago, and left the two letters with the Postmaster General's private secretary.

Mr. BRITT. Now, as to the date of the requests to the postmasters at Kansas City, Cleveland, and Springfield, I ask Dr. Grandfield to dictate the letter and have it ready, but the department will expect a request from you, Mr. McCoy, so it will facilitate it if you will send up a letter.

Mr. McCoy. Yes; as soon as I see the testimony I will dictate what I said in there.

Dr. Grandfield, have you the statement from which you read yesterday?

Dr. GRANDFIELD. No, sir; I gave it to the stenographer—the reporter.

Mr. McCoy. Referring to Exhibit 213, which is the copy of the report by Mr. Waters dated March 17, 1910, did you have the report or a copy of it before you in the fall of 1911 when you were calculating as to which bid was the lower, the B. F. Cummins bid or the American Machine Co.'s bid?

Dr. GRANDFIELD. I did not have the copy of it before me at the time. I had knowledge that the report had been made.

Mr. McCoy. You knew that it was made some 18 months before the time when you were making the calculations?

Dr. GRANDFIELD. Yes; I knew the report had been made.

Mr. McCoy. But did you know how long before the time when you were taking it in consideration it had been made?

Dr. GRANDFIELD. No; I presume not.

Mr. McCoy. Do you think it was fair to make it the basis of any calculation then?

Dr. GRANDFIELD. The report when it was received impressed me as being a very plain statement of the merits of the Stoddard machine, and in my statement I said that these reports that had come in from time to time regarding the Stoddard machine naturally made an impression on my mind; and it was from these reports, especially this one, that I formed my estimate of the Stoddard machine.

Mr. McCoy. Especially from Mr. Waters's report?

Dr. GRANDFIELD. Yes.

Mr. McCoy. You were using it for the purpose of making a comparison between the Stoddard machine, referred to in this report, and the Cummins high-speed machine manufactured by the Time Marking Machine Co.?

Dr. GRANDFIELD. Yes; I was using my knowledge from various sources as to the merits of both machines and estimating the value of the high-grade machines.

Mr. McCoy. The Cummins machine—the one made by the Time Marking Machine Co.—had gone through various processes of improvement?

Dr. GRANDFIELD. Yes, sir.

Mr. McCoy. From the time it was first put into service?

Dr. GRANDFIELD. Yes, sir.

Mr. McCoy. All machines do that, do they not?

Dr. GRANDFIELD. Yes, sir.

Mr. McCoy. The Stoddard machine had been improved since March, 1910?

Dr. GRANDFIELD. I think so.

Mr. McCoy. In your testimony yesterday, which, unfortunately, is not before us, so I can not quote it, you enumerated a number of post offices where various machines were already in use, did you not?

Dr. GRANDFIELD. Yes, sir.

Mr. MCCOY. And was it your statement yesterday that in passing upon the question of which of those two bids was the lower you estimated how the two machines could be assigned or reassigned among those various offices?

Dr. GRANDFIELD. I knew how many high-grade machines were in use—rapid automatic machines—and in awarding a contract I estimated how many machines of each make would be required to take the place of those now in use.

Mr. MCCOY. Did you make an estimate to the effect that in a certain office, we will say, named by you, there was a Stoddard machine, and you recommended the substitution of a Cummins time-marking machine for the Stoddard machine? Did you make that calculation?

Dr. GRANDFIELD. Well, I do not know as to that. My recollection is that the Stoddard machines, as a rule, are assigned to the smaller offices. They are not assigned to the bigger offices that I had in mind.

Mr. MCCOY. But as I understood your statement as to the method by which you reached the conclusion that the Cummins bid was the lower bid of the two, you took into consideration not only what appeared on the face of the bids, but also, you made a comparison of machine for machine, and made an estimate of wear; by ordering machines from the Time Marking Machine Co. and substituting them for the Stoddard machines you get more efficient machines into the service; and therefore, on that basis, the Cummins bid was the lowest?

Dr. GRANDFIELD. I am sorry you got that impression from my statement.

Mr. MCCOY. What do you mean, then, by saying that you took into consideration not only the figures but that by comparing machine for machine you determined that the Cummins machine was the lowest?

Dr. GRANDFIELD. I said that by taking out the 254 Hey-Dolphin machines, which were the machines used in a large number of offices—the only machines used—and substituting Stoddard machines, it would take more than if we substituted Time-Marking Co.'s Cummins machines.

Mr. MCCOY. Did you at that time determine that you would take out the Hey-Dolphin machines and put in Time-Marking Co.'s Cummins machines?

Dr. GRANDFIELD. Why, as a basis for an estimate on an exclusive award, of course.

Mr. MCCOY. But did you do that?

Dr. GRANDFIELD. Yes, sir.

Mr. MCCOY. And you made that calculation?

Dr. GRANDFIELD. And also the calculation from the standpoint of the American Co.—that is, substituting Hey-Dolphin machines for Cummins machines—and in that way I estimated that it would require 60 more Stoddard machines to do the work of the service than Cummins machines.

Mr. MCCOY. The highest speed specified in the specifications was 500 letters a minute, was it not?

Dr. GRANDFIELD. Yes, sir. That specification was drawn to give the American Co. an opportunity to bid.

Mr. McCoy. Then if the American Co. offered a machine with a speed of 500 letters a minute it complied entirely with the specifications?

Dr. GRANDFIELD. Yes, sir. Our specifications were drawn to permit of the widest competition.

Mr. McCoy. Why were not the specifications so drawn as to allow the man with the most efficient machine to get the benefit of its efficiency? That is, if the Time-Marking Co.'s Cummins Machine had a capacity of 500 to 800 letters a minute, why were not the specifications so drawn that they should meet the utmost requirements?

Dr. GRANDFIELD. That was our specification, and I think the specifications were so drawn.

Mr. McCoy. In what respect were they so drawn?

Dr. GRANDFIELD. The law requires that the contracts shall be awarded on the basis of cheapness and efficiency.

Mr. McCoy. Then why are not the bids so drawn that it will be apparent on the opening of them what man has complied with the law?

Dr. GRANDFIELD. Why, if anyone could determine that offhand it would be a very simple matter.

Mr. McCoy. The specifications could be readily so drawn. For instance, if the department wanted to get a machine with a capacity of 1,200 letters a minute, then they could specify 1,200 letters a minute, and a man with a machine which could do only 500 letters a minute necessarily could not bid on that successfully because he would not have the machine. On the other hand, if the department has in mind something beyond the limit put into the specifications every bidder would be at the mercy of some one who may have a machine with a higher capacity. If a bidder offers a machine of the maximum capacity required, nevertheless his machine can be thrown out because some machine has been found which has a higher maximum speed.

Dr. GRANDFIELD. In comparing the machines we take into consideration the speed of the machines.

Mr. McCoy. But the specifications must be drawn so as to permit the man with the most efficient machine to make a bid which may be high or low.

Dr. GRANDFIELD. Your criticisms of the specifications may be very well founded. At the same time, the purpose of the department was to secure the widest competition.

Mr. McCoy. The widest competition in the classes into which the machines were divided by the specifications?

Dr. GRANDFIELD. The division of machines into classes was due to the fact that we knew that there were such machines made.

Mr. McCoy. That does not make any difference, because you want to encourage competition. But if a man can produce a machine with 1,200 capacity, or if he knows that when he produces it the specifications are to be so drawn that he is going to get the award, that is the way to do.

Mr. BRITT. As a matter of fact, Dr. Grandfield, there are very few offices in which a speed of over 500 letters a minute is required?

Dr. GRANDFIELD. I would say that if we could get a machine with a speed of over 500 letters a minute it would be advisable to use that in every office.

Mr. BRITT. But I mean there are not many offices in which the work might not be done with a machine with a speed of 500 a minute or thereabout?

Dr. GRANDFIELD. Well, it would be better done with a higher speed machine undoubtedly. The element of time is very important in postmarking mail. The more rapidly it is marked the more rapidly it can be dispatched.

Mr. McCoy. But if it is known that there are machines with a capacity of 600 a minute, and if they are needed, then the specifications may be so drawn as to call for bids on a machine with a capacity of not less than 600 and not make the maximum 600.

Mr. BRITT. The higher the speed of the machine—material, durability, and other qualities being equal—the greater the cost of the machine, and usually, I assume, the greater the power required to run it. Such a machine will not be necessary where the work can be done with a machine that will postmark and cancel 500 letters a minute, because the work is not there to do. The more costly and higher speed machines will require a larger outlay of money.

Mr. McCoy. That all depends on the bidding. The difference between one-eighth horsepower and one-tenth horsepower is something which I have not seen figured on anywhere, because it is not figured on and the difference in cost is infinitesimal, I am informed. Moreover, the Cummins machine, in the report of the committee, requires a special grade of motor, if I recollect rightly, and a more highly developed machine is required.

Mr. BRITT. But there would be no economy in buying a full outfit of the highest price or highest speed machines, because the great majority of offices may not have use for them.

Mr. McCoy. But I say that it ought not to be left to anybody in the department that, when a speed is specified, and a man meets the specification, to determine that between two machines which vary slightly in price one of them is better than the other, because that leaves room for discrimination. If they want a machine with a speed of 500 they ought to specify it.

Mr. BRITT. But this being a service unique in its character, and having no other end but to supply the postal service, you would destroy competition.

Mr. McCoy. You would give the bid on the highest machine.

Mr. BRITT. Then you would be at the mercy of that company hereafter if you bought their machines because the other machines would go out of use.

Mr. McCoy. Oh, no; I do not think that follows. The practice heretofore has been to give the bulk of the business to the man with the best machine and to give the smaller allotments to the man who has a small machine that has not been tested. This machine has had a kind of test, but it has not had the sort of test that the others have had.

Mr. BRITT. It has not had the sort of use—

Mr. McCoy (interposing). It has not had the kind of test that is a prerequisite, as the others have had.

Mr. BRITT. It had as great a test by this committee as the others.

Mr. McCoy. The committee does not rely upon its own test.

Dr. GRANDFIELD. After all, the question of whether the specifications were properly drawn is a matter of opinion. The purpose of drawing the specifications as they were drawn was to secure the widest competition and not to bar out any machine.

Mr. McCoy. No machine would be barred by putting a 600, 700, 800, 900, or 1,000 maximum. A man would know what he was up

against. In this connection I want to read from Exhibit D at page 22 of this record, being the opinion of R. P. Goodwin, Assistant Attorney General, on the bidding of October 31, 1911. He says [reading]:

The reason for such enactments as the one in question is, in the main to preclude public officers from making contracts in such a way as to enable them to sacrifice the public interests to satisfy favoritism, mere improvidence, or a corrupt desire for private gain. There is no better safeguard against infidelity of officials in that respect yet discovered than to require municipal contracts to be publicly let, the scope of the service to be performed and the terms of payment being so definitely mapped out in advance as to enable persons experienced in respect thereto to estimate with reasonable certainty the actual cost thereof and to require the award to be made without change in such service or terms. A requirement of that kind forms part of the governmental system of nearly every political organization from the Nation itself down to the minor governmental agencies in towns. * * * The law permits no private negotiations with an individual bidder, no change of plans and specifications submitted for the competition, no variance for the purpose of obtaining a change in the bid of one or more bidders. The whole matter is to be conducted with as much fairness, certainty, publicity, and absolute impartiality as any proceeding requiring the exercise of quasi judicial authority.

And in that connection I will just read from the report of the canceling machine committee in this matter at page 19 (of the report) at the bottom. [Reading:]

Cummins No. 7 (B. F. Cummins Co. of Chicago.—This company in its proposal of March 20 submits in the class of high-grade electric machines two models, viz, Nos. 5 and 7, at an annual rental of \$180 and \$132 each, respectively, for 100 or more. So far as the canceling machine committee has been able to determine these machines are practically identical except possibly as to the finish. The president of the company states that the basis for this difference in price is largely in the cost of maintenance, it being claimed that the wear and tear on any machine is greater in an office where it is used almost continuously than where it is used for a few hours only. This is undoubtedly true, but it is not believed to be a point that the committee can consider inasmuch as the specifications under which these proposals were submitted called for unit prices for machines regardless of the size of the office to which they may be assigned.

The canceling machine committee in this instance took absolutely the right ground, although—but I will comment on that phase of the matter later on. In other words, there is no question in the world, and ought never to have been in anybody's mind in this matter, that the only way to do this thing is to do it so that every bidder knows exactly what he is up against, and not what somebody else is going to read into the specifications after the bid is in, and that is what has been done in this matter.

Dr. GRANDFIELD. By whom?

Mr. McCoy. You.

Dr. GRANDFIELD. On what basis do you make that statement?

Mr. McCoy. I make it because you have not taken the specifications—

Dr. GRANDFIELD (interposing). I have not had anything to do with the specifications.

Mr. McCoy. You have testified here that you made a calculation as to which of those two bids was the lower.

Dr. GRANDFIELD. For my own personal information.

Mr. McCoy. I do not care what it was for. I assumed it was in pursuance of your official duties, because otherwise you were wasting time.

Dr. GRANDFIELD. I was wasting my own time.

Mr. McCoy. I do not know whether you did or not. I do not know whether you did it out of hours. But you did make the calculation, not only on the face of the bid—you have so testified?

Dr. GRANDFIELD. Yes, sir.

Mr. McCoy (continuing). But you have read into it some knowledge of facts to be considered which were not disclosed to the bidders in advance. Now, I do not say that the result of your figuring has led to anything that was unfair, because, you see, the canceling machine committee made the recommendation on a different basis; but what I do say is that it is not fair, and moreover, it is not safe to permit such a condition to exist.

Dr. GRANDFIELD. What condition?

Mr. McCoy. The condition where the bidders did not know all the facts.

Dr. GRANDFIELD. They did know all the facts.

Mr. McCoy. I beg your pardon; they did not know the facts when they thought they were meeting the requirements of the department by bidding on a machine of 500 capacity.

Dr. GRANDFIELD. If two machines were offered to you, one of them having a speed of 600 and one of them having a speed of 500, both at the same price, which one would you take?

Mr. McCoy. I am not a public officer, but if I were a public officer I should say that if the specifications were properly drawn I would take the 600 machine. If I were a public official advertising for bids I would see to it that the bidders knew in advance what they had to meet.

Dr. GRANDFIELD. They did know.

Mr. McCoy. I beg your pardon; they did not. I am not questioning your veracity, but I differ with you in opinion.

Dr. GRANDFIELD. I suppose that practically every one of the bidders would arrive at a different conclusion as to what was the lower bid. I have no doubt—

Mr. McCoy (interposing). Read what Dr. Grandfield said.

The stenographer read the last answer.

Mr. McCoy. There ought not to be any room for different conclusions as to which was the lower bid, and specifications can be easily drawn so that there can not be any question.

Dr. GRANDFIELD. I defy any man to draw specifications in accordance with your ideas.

Mr. BRITT. That would assume a similarity in the construction of machines which is not practicable.

Mr. McCoy. It would assume that the machine offered was a proper machine. I would not expect anybody to take an improper one. If this canceling-machine committee recommended the Stoddard machine, knowing that the Stoddard machine is not fit for service, the canceling-machine committee is not fit for its business. The Stoddard machine is a good machine, the Time Marking machine is a good machine, the Hey-Dolphin machine is a good machine, and they are keeping them in the service. The canceling-machine committee says that the companies are financially responsible and competent to meet the requirements which they agree to meet. None of these machines has been discarded as unfit.

Mr. BRITT. No; but their comparative merits and demerits have been set forth.

Mr. McCoy. That may be true; but they are still going to stay in the service.

At page 123 Dr. Grandfield testifies. [Reading:]

On the basis of awarding the contract to satisfy the requirements of the entire service, the Cummins bid was the lowest. On the basis of the figures submitted in accordance with the specifications, the American Postal Machine Co.'s bid was the lowest.

Dr. GRANDFIELD. Is not that an accurate statement?

Mr. McCoy. Sure; but the requirements of the service were never satisfied in the advertisement or the specifications.

Dr. GRANDFIELD. Suppose, for the sake of argument, that some inventor had submitted a machine that would cancel and postmark 1,000 letters a minute?

Mr. McCoy. Yes.

Dr. GRANDFIELD. Other things being equal, that machine would be of twice the value of a machine that would cancel and postmark 500 letters a minute. It would be of more than twice the value because it would save half the time of the operator. Now, we did not advertise for proposals for machines that would postmark 1,000 letters a minute, because we did not believe there was such a machine in existence; but on the other hand, when we advertised for proposals for machines that were then in the service we did not want to bar out the inventor of a machine of a higher type.

Mr. McCoy. No.

Dr. GRANDFIELD. My suggestion to the purchasing agent as to the specifications was very general, and the suggestion was to make them as broad as possible.

Mr. McCoy. It would have been perfectly easy for the department to have said that the bidders will be required to state what maximum capacity they will guarantee; then each one of them would have known what he was up against.

Dr. GRANDFIELD. That would have practically driven every canceling machine company out of the field, because no man can guarantee the speed of a machine in the hands of an incompetent operator.

Mr. McCoy. Other people have guaranteed the speed of machines. I find in the bid of March 20, 1912, submitted by the American Postal Machines Co., the following: "Automatic electric high-grade postmarking machines, capable of postmarking not less than 1,500 short letters a minute." Do you know whether or not the canceling machine committee gave that bid any consideration?

Dr. GRANDFIELD. I do not represent the canceling machine committee. I have no knowledge as to what the committee did, except from the report.

Mr. BRITT. Is it known that there is such a machine in existence now?

Mr. McCoy. It is known that the American Postal Machines Co. is a responsible bidder.

Mr. BRITT. My attention has been directed to that, but yet I do not know whether there is such a machine.

Mr. McCoy. You had that machine in the Boston post office?

Mr. STODDARD. It was in the nature of an experiment, and the machine was exhibited to the committee. The remark that was made was that it was too fast. I won't say that the committee made that remark, but that is what was said.

Mr. BUSHNELL. I think Mr. Stoddard made that remark; that he thought, himself, that it was entirely too fast for the service.

Mr. STODDARD. I would not be at all surprised if I did say it. The machine, at the time I said it, was running at the rate of 1,500 or 1,600 pieces of mail a minute.

Mr. BRITT. Have you the machine at this time that you put on the market, that you guaranteed to postmark 1,500 letters a minute?

Mr. STODDARD. This was an experiment, of course. No machines had been manufactured. It was simply an experimental machine to show what could be done. We can and will, if that bid is accepted, put such a machine in operation, according to the statement there, which we can guarantee will cancel 1,500 short letters a minute.

Mr. BRITT. I think that is not the question at this time because the specifications did not call for such a machine.

Mr. McCoy. The specifications are: "Capable of postmarking not less than 500 a minute."

Dr. GRANDFIELD. That could mean 1,500. They say "not less than" 500.

Mr. STODDARD. There was a machine brought to Washington—one that had what is technically known as "double postmarking dies"—that is, two postmarking dies in one cylinder, making two postmarks in one revolution of that cylinder. That was claimed to be something entirely novel, something that somebody had discovered.

Mr. McCoy. The machine that was brought here was brought by B. F. Cummins?

Mr. STODDARD (continuing). Therefore, to show the committee that such a thing could be done, we placed that device on one of our machines. As a matter of fact, with cards, experimenting in our shop, we put as many as 1,800 pieces a minute through the machine.

Dr. GRANDFIELD. Did one man feed the machine?

Mr. STODDARD. Well, I did. I do not know whether I am one man or not. I suppose I am. Now, there are a lot of technical matters in regard to that, Mr. Britt. Of course, I am willing for them to go in.

Mr. BRITT. I only asked if there was such a machine in existence.

Mr. STODDARD. Well, I make the same remark now that Mr. Bushnell said I made. Yes; an experimental machine. The cards that were put through the machine at that time in the Boston post office were light—that is, they were thin—and for some reason—well, that would require a great deal of explanation. The stacker was not exactly in time, and the mail did not stack properly. It went through the machine all right, but it did not stack—that is, it threw up or ended up. As a personal opinion, it is practicable to make such a machine and guarantee it with such a guaranty as the chairman has spoken of, with short letters, but not with long letters. By short I mean letters about 6 or 6½ inches long.

Mr. BRITT. But it would require classification of mail.

Mr. McCoy. It would require the kind of classification that the Cummins pick-up table was supposed to have?

Mr. STODDARD. Yes. [Continuing.] We could guarantee that it would have a minimum speed of a thousand a minute.

Mr. McCoy. And that classification is made on all mail, anyhow?

Mr. STODDARD. That classification is made on all machines except in case of one of the American Co.'s machines.

Mr. McCoy. In other words they first run through a lot of short letters and then run through a lot of long letters?

Mr. STODDARD. Exactly; but one of the American Co.'s machines does not make any distinction between short and long letters.

Mr. BRITT. You are not prepared to say that your company can put a thousand-a-minute machine in the department before July 1, 1913?

Mr. STODDARD. No, sir.

Mr. BRITT. That is the question under consideration.

Mr. STODDARD. No, sir; as I said, Mr. Britt, it was entirely experimental.

Mr. BRITT. Manifestly so.

Mr. McCoy. The machine that you speak of, Mr. Stoddard, as having been brought to the post office here in Washington, which was said to be capable of taking care of 1,000 letters a minute; that was a machine made by the Cummins people, was it not?

Mr. STODDARD. I would have to—

Mr. McCoy (interposing). Well, never mind; it is in the testimony over and over again that somebody was sent on from Chicago to try to make it go.

Mr. STODDARD. I have seen it in the testimony.

Mr. McCoy. Well, it is embodied in the testimony over and over again.

I am going to take up now the question of the repair of certain Doremus machines—remodeling, I believe it is spoken of—and I first offer memorandum dated January 25, 1910, to Mr. Waters, initialed by Dr. Grandfield and double-crossed. That will be Exhibit No. 222.

EXHIBIT No. 222.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL.

Washington, January 25, 1910.

MR. WATERS: Mr. B. F. Cummins, the president of the Time Marking Machine Co., Chicago, called and stated that he believes the Doremus machines could be remodeled at a moderate expense and made available for use in the smaller post offices. He suggested that if he were furnished a machine he would make some experiments without expense to the department to ascertain the feasibility of remodeling the Doremus machines. I told him that we would be very glad to furnish him with one of the old Doremus machines to see what he could make out of it. If we have a machine in Chicago, or nearby, not in use, send it to his factory.

C. P. G.

G-H

(Note.) Chicago has 12 Doremus; ask him if one can be spared.

C. M. W.

Next, a copy of a letter dated January 26, 1910, directed to the postmaster at Chicago, Ill., signed "C. P. Grandfield, First Assistant Postmaster General." That is Exhibit No. 223.

EXHIBIT No. 223.

JANUARY 26, 1910.

POSTMASTER, Chicago, Ill.

SIR: Please inform the department if one of the 12 Doremus canceling machines assigned to your post office can be spared for experimental purposes. Mr. B. F. Cummins, of the Time Marking Machine Co., of your city, states that it is his belief that these machines can be remodeled at moderate expense and made available for use in the smaller post offices.

Respectfully,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

HSB.

Annexed to Exhibit No. 223 is a memorandum dated January 26, 1910, entitled "Chicago, Ill.," initialed by Dr. Grandfield. That is Exhibit No. 224.

EXHIBIT No. 224.

[Memorandum.]

OFFICE OF FIRST ASSISTANT POSTMASTER GENERAL,

January 26, 1910.

Chicago, Ill.

Write Mr. Cummins also.

C. P. G.

G-C.

Mr. STRODDARD. Mr. Chairman, I would like to ask whether I have ever been sworn? I have been giving some testimony.

Mr. MCCOY. You were sworn once, I believe. I will make an ex post facto oath when I come to it to make sure. Copy letter January 27, 1910, addressed to B. F. Cummins, care of Time Marking Machine Co., Chicago, Ill., and signed C. P. Grandfield. Exhibit 225.

EXHIBIT No. 225.

JANUARY 27, 1910.

Mr. B. F. CUMMINS,

*Care of Time Marking Machine Co.,**Ravenswood Station, Chicago, Ill.*

MY DEAR SIR: With reference to your recent call at this office, and to your statement that it is your opinion that Doremus canceling machines can be remodeled by you at a moderate cost and made available for use in the smaller post offices, I beg to inform you that the postmaster of Chicago has been requested to report if one of the Doremus machines assigned to his office can be spared for experimental purposes. If not, some other arrangement for supplying a machine will be made.

Very truly, yours,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

HSB.

Letter dated February 2, 1910, addressed to C. P. Grandfield, first assistant, signed by the Time Marking Machine Co. and marked with the initial C and a double cross. Exhibit No. 226.

EXHIBIT No. 226.

TIME MARKING MACHINE CO.,
RAVENSWOOD STATION,
Chicago, Ill., February 2, 1910.

Hon. C. P. GRANDFIELD,

First Assistant Postmaster General, Washington, D. C.

DEAR SIR: Your favor of the 27th ultimo in regard to the Doremus canceling machine and the possibility of remodeling same at a moderate cost, is received.

We do not understand clearly whether the postmaster of Chicago will advise us as to whether or not he can let us have one, or whether this information is to come from you, but we will advise him of your letter and, if proper, possibly obtain the machine from him direct as soon as we can.

I confirm my opinion as expressed to you personally, that this change can be made in a reasonable way, and will be glad to have the opportunity of advising you as to details as soon as possible.

Very truly, yours,

TIME MARKING MACHINE CO.,
By B. F. CUMMINS.

BFC-EB.

Copy letter February 4, 1910, addressed to B. F. Cummins, Time Marking Machine Co., Chicago, Ill., signed "C. P. Grandfield, First Assistant Postmaster General." Exhibit No. 227.

EXHIBIT No. 227.

FEBRUARY 4, 1910.

Mr. B. F. CUMMINS,
Care of Time-Marking Machine Co.,
Ravenswood Station, Chicago, Ill.

MY DEAR SIR: In reply to your letter of the 2d instant, I beg to state that the postmaster of Chicago was asked under date of the 27th ultimo whether he could spare one of the Doremus machines now in use in the Chicago office for experimental purposes. Upon the receipt of his reply you will be immediately advised. In the event the postmaster of Chicago has no machine available one will be secured from some other source and sent to you.

Yours very truly,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

G-C.

Letter February 4, 1910, addressed to C. P. Grandfield, First Assistant, etc., signed J. A. Campbell, postmaster at Chicago. The letter is marked with the initial "C"; double-crossed: "Expedite"; initialed by Dr. Grandfield. Exhibit No. 228.

EXHIBIT No. 228.

UNITED STATES POST OFFICE,
OFFICE OF SUPERINTENDENT OF MAILS,
Chicago, Ill., February 4, 1910.

Hon. C. P. GRANDFIELD,
First Assistant Postmaster General,
Division of Salaries and Allowances, Washington, D. C.

SIR: In reply to yours of the 26th January (C. W., C. M. W., H. S. B.), I have the honor to inform you that this office has one Doremus canceling machine, now installed in the Wentworth Avenue railway post office, which can be spared for experimental purposes. This machine will be placed at the disposal of Mr. B. F. Cummins of the Time-Marking Machine Co., as soon as instructions to that effect are received from your office.

Respectfully,

D. A. CAMPBELL,
Postmaster.

Memorandum March 16, 1910, from Mr. Waters, initialed by Dr. Grandfield. Exhibit No. 229.

EXHIBIT No. 229.

[Memorandum for Mr. Waters.]

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, March 16, 1910.

I think it is advisable to get up a circular letter to go to all post offices where Doremus machines are in use to find out the present condition of each machine, in view of the proposition submitted by the Time Marking Machine Co. to remodel these machines and put them in first-class condition. Please send up a sample letter.

C. P. G.

G-H.

Letter March 24, 1910, addressed to C. P. Grandfield, first assistant, and signed by the Time Marking Machine Co., by B. F. Cummins. This letter is also double-crossed. Exhibit No. 230.

EXHIBIT No. 230.

TIME MARKING MACHINE CO.,
RAVENSWOOD STATION,
Chicago, Ill., March 24, 1910.

Hon. C. P. GRANDFIELD,

First Assistant Postmaster General, Washington, D. C.

SIR: We are shipping the overhauled Doremus machine by express, as per duplicate receipt inclosed. We are sorry to have been a few days behind in sending it on, but the delay has been unavoidable.

We are pleased with the condition in which we are able to send the machine and hope that you will find it to your liking.

The changes which we have made have been a little more extensive than we had thought when we first undertook it, but hope that the result will be pleasing to you. We believe that this machine, as sent on now, will do first-class work and continue to do it.

We think that the use of the rubber impression roll will prevent the battering up and spoiling of the die and type. It would, of course, be necessary for the department to furnish the rubber impression rolls, the same as they are now furnishing on the other machines, but this item of expense would be very small.

The corrugated feed belt on this particular machine has stretched quite a good deal and is too loose, so that we would suggest that before very long, at least, a new belt be put on, possibly before you try it, although we are sending it in pretty good shape. We had no new belts and did not think it worth while to try to get a new one, taking it for granted that you have these supplies on hand.

We take it for granted that the operator, committee, or person to whom you assign the testing of this machine will be familiar with the best methods of feeding it and that suggestion on our part is unnecessary, but as it leaves us, and when feeding is well taken care of, it is doing most excellent work.

If the result pleases you, we will be glad to submit to you a proposition for changing over all or any part of these Doremus machines. Would like, of course, to undertake the whole number at one time, if you can see your way to have it done in that way.

We would be glad to have any information that you can send us as to the physical condition of the machines; that is, as to what parts, if any, are broken or missing. This would make some difference in the cost of overhauling.

We would also like to have you tell us how many of them you have, or how many you would like to have us bid upon. We are all ready to go ahead with the work and could do it quickly.

In case of your favorable reply, will you be kind enough to give us your views regarding the dies and steel type. We ask this because we suppose you have already made arrangements to get these and possibly can do it cheaper than we can.

Very truly, yours,

TIME MARKING MACHINE CO.,
By B. F. CUMMINS.

BFC-EB

Letter April 19, 1910, addressed to C. P. Grandfield, First Assistant, etc., from the Time Marking Machine Co. Exhibit No. 231.

EXHIBIT No. 231.

TIME MARKING MACHINE CO.,
RAVENSWOOD STATION,
Chicago, Ill., April 19, 1910.

Hon. C. P. GRANDFIELD,

First Assistant Postmaster General, Washington, D. C.

SIR: On April 2 you wrote us last in regard to the remodeled Doremus machine, to the effect that the machine was being tested in the Washington City post office, and that you would advise us as to the result. We have been hoping that we would hear favorably in regard to it.

We have made our plans so that in case we are permitted to do this work, we can get it in ahead of certain other work which we have on hand; consequently have been anxious to hear definitely as soon as possible.

We are curious, also, to know whether our ideas and work are considered practical in this connection.

Will you not be good enough to write us as soon as you can?

Very truly, yours,

TIME MARKING MACHINE CO.,
By B. F. CUMMINS.

BFC-EB.

Letter April 21, 1910, addressed to Mr. N. A. Merritt, acting postmaster, Washington, D. C., and signed by H. P. Springer, superintendent. Exhibit No. 232.

EXHIBIT No. 232.

UNITED STATES POST OFFICE,
MAILING DIVISION,
Washington, D. C., April 21, 1910.

Mr. N. A. MERRITT,
Acting Postmaster, Washington, D. C.

Sir: Replying to your letter of the 17th ultimo (A. P. M. 406s), calling for a detailed report on the work and mechanism of a hand-power Doremus canceling machine, the property of the Government, which was remodeled by the Time Marking Machine Co., of Chicago, Ill., for experimental purposes at this office, and requesting an opinion as to whether there has been sufficient improvement made in the machine to warrant an expenditure of \$60 or \$70 for the remodeling of it and other similar machines of that company, I beg leave to report that this machine was installed on March 30, 1910, and that modifications were made by the Time Marking Machine Co. as follows:

Die hub.—Repaired so as to receive and hold in position the printing die by means of a lip attachment secured to the die head with screws that are liable to work loose and at some time, without detection, result in damage to this part of the mechanism.

Separator.—This consists of three pieces of metal secured with screws to a separator bracket and controlled by a small wire coil spring. The screws for holding these parts in their several places will without doubt work loose from the vibrator while operating it, and will require close observation.

Ink-roller adjustment screw.—This is an improvement over that on the original machine, being easily and quickly operated without the use of implements of any kind. It is secured to the separator bracket instead of to the table or bedplate of the machine.

Separator bracket.—Piece of metal specially constructed for attachment to the top of the machine, to which the metal separator and ink-roller adjustment are secured.

Back pressure roller.—Rubber formed over a piece of metal, the operation of which is on the principle of an eccentric, and is in lieu of the solid metal roller formerly used, thus relieving contact of the face of the type with the metal and overcoming danger of breaking and defacement of the type.

Trip.—This piece, which consists of eight parts, impressed me as the most satisfactory of all the improvements made.

Stacker.—In all respects but one, the stacker is the same as that originally constructed, the noticeable difference being a locking device, to which I attach no special value.

From the few changes made in the remodeled machine and the results obtained in operating it, I regard an expenditure of the amount stated as excessive and exorbitant.

A machine of the same pattern, No. 558, overhauled by the repair section of the bureau of the First Assistant Postmaster General, located in the Post Office Department Annex, First and K Streets NE., was placed beside the one remodeled, which aided me very much in my examination of the improved parts above described.

Several tests, showing the capacity and execution of each machine within a given time, were made of different classes of mail matter, with results as follows:

MACHINE NO. 503, REMODELED—TESTS OF.

Test 1, April 5.

189 official cards in 30 seconds.

4 skips.

9 with penalty skipped, but cancellation and postmark shown.

13 retreated.

Many of these cards were bent and broken at the lower right-hand corner by the trip.

Test 2, April 5.

134 souvenir cards in 30 seconds.

0 skipped.

12 postmarked over stamp, due to irregular timing.

Removal of the stamp destroys all evidence of the date and hour of mailing.

Test 3, April 5.

172 short collection letters in 30 seconds.

4 skipped.

1 with stamp canceled, but without postmark.

15 postmarked over stamp.

20 retreated.

Test 4, April 5.

89 long penalty letters in 30 seconds.

2 skipped.

9 postmarked over penalty.

11 retreated.

Timing of postmark and cancellation on letters irregular.

Test 5, April 5.

128 short letters in 30 seconds.

1 stamp canceled, but postmark not shown.

6 postmarked over stamp.

7 retreated.

Test 6, April 5.

142 long penalty letters (uniform matter) in 30 seconds.

3 skipped.

3 with penalty canceled, but postmark not shown.

1 with penalty skipped, but cancellation and postmark shown.

14 postmarked over penalty.

21 retreated.

Test 7, April 5.

134 miscellaneous collection letters in 30 seconds.

3 skipped.

2 with cancellation of stamp, but postmark not shown.

13 postmarked over stamp.

18 retreated.

Test 1, April 6.

127 short collection letters in 30 seconds.

2 with stamps skipped, but cancellation and postmark shown.

3 postmarked over stamp.

5 retreated.

Test 1, April 7.

76 miscellaneous short letters in 20 seconds.

1 skipped.

7 postmarked over stamp.

8 retreated.

Test 2, April 7.

134 miscellaneous short letters in 30 seconds.

1 skipped.

1 with stamp missed, but postmark and cancellation shown.

4 postmarked over stamp.

6 retreated.

Test 3, April 7.

150 short collection letters in 30 seconds.

1 skipped.

6 postmarked over stamp.

7 retreated.

The end of one card was broken by the trip.

Test 4, April 7.

67 long penalty letters in 30 seconds.

1 skipped.

4 postmarked over penalty.

5 retreated.

The stacking of this test was very poor.

Test 5, April 7.

203 official penalty cards in 30 seconds.

3 skipped.

2 postmarked over penalty.

1 with cancellation complete, but only half of postmark shown.

5 with penalty skipped, but postmark and cancellation shown.

11 retreated.

The end of one card was broken by the trip.

Test 6, April 7.

131 short collection letters in 30 seconds.

5 skipped.

1 with stamp missed, but postmark and cancellation shown.

2 with stamps canceled, but without postmark.

3 postmarked over stamp.

11 retreated.

Test 7, April 7.

193 penalty cards in 30 seconds.

14 skipped.

16 with cancellations shown, but postmark omitted.

4 postmarked over penalty.

34 retreated.

These cards were of the size of a No. 14 envelope, and many were nicked or broken at the end by the finger trip.

Test 1, April 9.

129 short collection letters in 30 seconds; all perfect.

Test 2, April 9 (first run).

162 penalty cards in 30 seconds; all perfect.

Test 2, April 9 (second run).

170 penalty cards in 30 seconds.

2 with cancellation shown, but postmark omitted.

1 with postmark over penalty.

3 retreated.

Test 3, April 9.

118 short collection letters in 30 seconds.

1 skipped.

1 with postmark over stamp.

2 retreated.

Test 4, April 9.

130 short collection letters in 30 seconds.

2 skipped.

1 with stamp canceled, but postmark omitted.

1 with postmark over stamp.

4 retreated.

Test 5, April 9.

153 miscellaneous cards in 30 seconds.

2 with postmark over stamp.

Test 6, April 9 (first run).

95 long penalty letters in 30 seconds.
3 skipped.
3 postmarked over penalty.
6 retreated.

Test 6, April 9 (second run).

86 long penalty letters in 30 seconds.
2 skipped.
1 postmarked over penalty.
1 with cancellation shown, but postmark omitted.
4 retreated.

Test 6, April 9 (third run).

66 long penalty letters in 40 seconds.
2 with postmark over penalty.

Test 1, April 13.

145 short collection letters in 30 seconds.
1 skipped.
1 with stamp skipped, but showing cancellation and postmark.
3 with postmark over stamp.

Test 2, April 13.

89 long penalty letters in 30 seconds.
2 with postmark over penalty.
1 with penalty missed, but cancellation and postmark shown.
3 retreated.

Test 3, April 13.

132 short collection letters in 30 seconds.
2 skipped.
2 with postmark over stamp.
1 stamp missed, but cancellation and postmark shown.
5 retreated.

Test 4, April 13.

169 penalty cards in 30 seconds.
1 skipped.
1 with penalty canceled, but not postmarked.
2 retreated.

Test 5, April 13.

107 short collection letters treated in 30 seconds.
1 skipped.
2 with stamps canceled, but not postmarked.
3 retreated.

Test 6, April 13.

120 miscellaneous short letters in 30 seconds.
1 skipped.
3 with postmark over stamp.
1 with stamp canceled, but not postmarked.
5 retreated.

Test 7, April 13.

167 miscellaneous short letters in 30 seconds.
6 skipped.
1 with stamp missed, but cancellation and postmark shown.

TESTS MADE ON MACHINE NO. 558 FROM THE POST OFFICE DEPARTMENT ANNEX.

April 5, test 1.

101 long penalty letters in 30 seconds.
 3 skipped.
 4 with penalty canceled, but postmark omitted.
 1 with postmark over penalty.
 1 with penalty missed, but postmark and cancellation shown on extreme left of envelope.
 9 retreated.

April 5, test 2.

110 short collection letters in 30 seconds.
 1 skipped.
 1 with postmark over stamp.
 1 with stamp canceled, but postmark not shown.
 3 retreated.

April 11, test 1.

123 short collection letters in 30 seconds.
 2 skipped.
 1 with stamp missed, but postmark and cancellation shown.
 1 with stamp canceled, but postmark not shown.
 4 retreated.

April 11, test 2.

146 penalty cards in 30 seconds.
 4 skipped.

April 11, test 3.

109 short collection letters in 30 seconds.
 2 skipped.
 1 postmarked over stamp.
 3 with stamps canceled, but postmark not shown.
 6 retreated.

April 11, test 4.

118 short collection letters in 30 seconds.
 3 skipped.
 2 with stamps canceled, but not postmarked.
 1 with postmark over stamp.
 6 retreated.

April 11, test 5.

169 penalty cards in 30 seconds.
 3 skipped.
 2 with penalty canceled, but not postmarked.
 2 with postmark over penalty.
 7 retreated.

April 11, test 6.

114 short collection letters in 30 seconds.
 2 skipped.
 3 with postmark over stamp.
 2 with stamps missed, but cancellation and postmark shown.
 7 retreated.

April 11, test 7.

84 long penalty letters in 30 seconds.
 1 skipped.
 4 with penalty canceled, but not postmarked.
 1 with postmark over penalty.
 1 with penalty missed, but postmark and cancellation shown.
 7 retreated.

April 11, test 8.

82 long penalty letters in 30 seconds.
 1 skipped.
 1 with penalty missed, but cancellation and postmark shown.
 2 retreated.

April 11, test 9.

158 penalty cards in 30 seconds.
5 skipped.
9 with penalty canceled but not postmarked.
1 with postmark over penalty.
15 retreated.

April 13, test 1.

114 long penalty letters in 30 seconds.
2 with penalty skipped but showing postmark and cancellation.
1 with penalty canceled but not postmarked.
1 with postmark over penalty.
4 retreated.

April 13, test 2.

128 short collection letters in 30 seconds.
4 skipped.
2 with stamps missed but cancellation and postmark shown.
6 retreated.

April 13, test 3.

122 short letters (preferred class) in 30 seconds.
2 with stamps missed but cancellation and postmark shown.
2 with stamps canceled but postmark not shown.
4 retreated.

April 13, test 4.

105 long penalty letters in 30 seconds.
1 skipped.
1 with postmark over penalty.
4 with penalty canceled but postmark not shown.

April 13, test 5 (first run).

166 miscellaneous penalty cards in 30 seconds.
2 skipped.
1 with penalty skipped but cancellation and postmark shown.
6 with penalty canceled but postmark omitted.
9 retreated.

April 13, test 5 (second run).

167 miscellaneous penalty cards in 30 seconds.
2 skipped.
2 with postmark over penalty.
6 with penalty canceled but postmark not shown.
10 retreated.

Very respectfully,
GEW.

H. P. SPRINGER, *Superintendent.*

Mr. McCoy. H. P. Springer is the superintendent, and was on April 21, 1910, of the Washington City post office?

Dr. GRANDFIELD. Yes.

Mr. McCoy. As superintendent of mails?

Dr. GRANDFIELD. Mails.

Mr. McCoy. Mr. Slack, have you examined Exhibit No. 232?

Mr. SLACK. Yes, sir.

Mr. McCoy. Have you made a summary of some of the showings made by the exhibit?

Mr. SLACK. Yes, sir.

Mr. McCoy. And what is the summary?

Mr. SLACK. The summary shows that on a machine remodeled made by the B. F. Cummins Co., which was at that time the Time Marking Machine Co., there were 4,107 pieces of mail treated, of which it was necessary to re-treat—that is, to run through the machine

again—234 pieces, or 5.7 per cent. In the same test there was a machine repaired at the Government machine shop which was under consideration for purposes of comparison. On that machine, out of 2,116 pieces of mail treated, it was necessary to re-treat 107, or 5.1 per cent.

Mr. McCoy. And the cost of remodeling the machine that you mentioned first was what?

Mr. SLACK. At the time it was done it was \$75, and the work was done by the Time Marking Machine Co.

Mr. McCoy. What was the cost of repairing the Doremus machine?

Mr. SLACK. It was reported to me as being not in excess of \$15.

Mr. McCoy. Who reported that?

Mr. SLACK. Mr. George W. Jones, in charge of the machine shop connected with the bureau of the First Assistant Postmaster General.

Mr. BRITT. What was the amount reported?

Mr. SLACK. It was reported as \$15, but he reported to me he could do it cheaper in quantities.

Dr. GRANDFIELD. Was not the \$15 for time only and not material?

Mr. SLACK. That included material and time both.

Mr. McCoy. The total cost?

Mr. SLACK. Yes, sir.

Mr. McCoy. To take the old Doremus machine and turn it back into the service for actual use?

Mr. SLACK. Yes; in as good shape as the one the machine shop submitted for test in the Washington office in comparison with the machine remodeled by the Time Marking Machine Co.

Mr. McCoy. Copy letter May 2, 1910, addressed to B. F. Cummins, president Time Marking Machine Co., signed C. P. Grandfield, First Assistant, etc., Exhibit No. 233.

EXHIBIT No. 233.

MAY 2, 1910.

MR. B. F. CUMMINS,

President Time Marking Machine Co., Chicago, Ill.

MY DEAR SIR: The report of the test made in the Washington City post office of the remodeled Doremus canceling machine has been received. The test is not at all favorable, and the department would not be warranted in going to any great expense for remodeling these machines.

Yours, very truly,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

G-H.

Letter May 7, 1910, addressed to C. P. Grandfield, First Assistant, etc., and signed by the Time Marking Machine Co.; marked "Mr. Wood." Exhibit No. 234.

EXHIBIT No. 234.

TIME MARKING MACHINE CO., RAVENSWOOD STATION,
Chicago, Ill., May 7, 1910.

HON. C. P. GRANDFIELD,

First Assistant Postmaster General, Washington, D. C.

SIR: Your letter of May 2, advising us in regard to the remodeled Doremus machine, "The test is not at all favorable and the department would not be warranted in going to any great expense for remodeling these machines," was duly received.

The writer is very greatly disappointed to receive this word from you. I can not help feeling that there is some misunderstanding or misapprehension somewhere.

The ordinary test of a canceling machine is liable to be unsatisfactory anyhow. Some little thing may have gone wrong that was not understood or looked out for. There are a thousand things that might happen in a case of this kind.

I think that I know what I am talking about and have no hesitation in assuring you in the strongest possible terms that this machine can be made absolutely good, effective, and reliable to the department and at a cost very much less than new machines.

I would like to ask from your department, therefore, the privilege of another and special test to be made by us, or by our operator, under any conditions to be imposed by you and at any place, to last for a day, week, or month, but we to have the privilege of operating the machine or being present mainly when it is operated.

We have remodeled the second machine which you were kind enough to furnish us, and if this request can be granted by you we are ready at any moment to go into the test.

We have already gone to some considerable expense in this matter and feel so confident about it that we will hope to receive your favorable reply.

Very truly, yours,

TIME MARKING MACHINE CO.,
By B. F. CUMMINS.

BFC-EB.

Copy letter May 13, 1910, addressed to the Time Marking Machine Co., Chicago, and signed "C. P. Grandfield, First Assistant." Exhibit 235.

EXHIBIT No. 235.

MAY 13, 1910.

TIME MARKING MACHINE CO.,

Ravenswood Station, Chicago, Ill.

GENTLEMEN: Replying to your letter of the 7th instant, I beg to state that the department has no objection to authorizing a further test of the Doremus canceling machine remodeled by you, and appropriate instructions to the Washington office will be issued at any time that may be designated by you.

It should be stated, however, that the department has serious doubts as to whether it would be warranted in incurring any considerable additional expense in connection with these machines. As you may be aware, a well-appointed machine shop is maintained as a part of this bureau, and it has been found that the worn Doremus machines can be placed in fairly serviceable condition at a cost of approximately \$10 each. A very marked improvement in the machines would therefore have to be made by you before the department would be justified in authorizing an expenditure largely in excess of that amount for the remodeling of the machines in question.

Respectfully,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

GLW-FG.

Mr. Slack, in this Exhibit No. 235 it says (reading):

Replying to your letter of the 7th instant, I beg to state that the department has no objection to authorizing a further test of the Doremus canceling machine remodeled by you, and appropriate instructions to the Washington office will be issued at any time that may be designated by you.

Is that the Doremus machine with which you have just made a comparison with the machine repaired in the department?

Mr. SLACK. No, sir. At that time the Doremus canceling machine submitted by the Time Marking Machine Co. had already been tested and a report made on it which was not very favorable; and the Time Marking Machine Co. asked to be allowed an opportunity to submit another machine to be tested. This letter tells them that they will be authorized to do that, but so far as I know they never made any further attempt to have the machine tested a second time.

Mr. McCoy. I call attention to the fact that in this letter (Exhibit 235) it is stated (reading):

As you may be aware, a well-appointed machine shop is maintained as a part of this bureau, and it has been found that the worn Doremus machines can be placed in fairly serviceable condition at a cost of approximately \$10 each.

Letter dated May 20, 1910, to C. P. Grandfield, First Assistant, signed "B. F. Cummins." Exhibit No. 236.

EXHIBIT No. 236.

B. F. CUMMINS CO.,
Chicago, May 20, 1910.

HON. C. P. GRANDFIELD,
First Assistant Postmaster General, Washington, D. C.

SIR: Your letter of May 13, regarding the remodeling of Doremus canceling machines, received. It is needless for me to say that it is a considerable disappointment to me personally and also in a business way.

It is very likely that I alone am to blame for the position in which I now find myself. I have been, as you know, a good deal interested in the general canceling machine proposition, and in the course of the canceling machine business have heard a good deal of talk about the Doremus machines and have seen at least something of their work.

I had also received the impression that the department did not think very highly of these machines or of the work which they are doing, and that in all probability before long the greater number of them would be junked. So that, as it seemed to me, if a plan for remodeling them could be found and adequate mechanical improvements made so they could be applied to these particular machines, that the department would be very willing to pay a fair price to have the machines made over so that they would do as good work as is required of any other canceling machine and good enough work to pass muster anywhere.

With these things in mind I took up the problem and spent quite a considerable amount of money in perfecting, as I believed, the necessary devices to make of these machines first-class hand-operated machines. What I would call the ordinary repairing of these machines is nothing at all, and I was not even considering it, except that I had intended, of course, to replace any worn parts, so as to send the machines back in perfectly good condition.

The expense of remodeling would be almost altogether in the improved parts, which, as I have before said, I regard as necessary in order that the machine should be permitted by the department to be used for canceling at all. I have succeeded, from a mechanical standpoint, I think, even beyond my expectations, and without any regard whatever to the declared result of the test of the machine forwarded to Washington, I know that the changes which have been made are all right and that the new and substituted mechanisms will accomplish the desired result, and that under my plan you could have 462, or whatever number of Doremus machines you have, put into such shape that they would do their work satisfactorily alongside of any hand-operated canceling machine which you buy or rent.

In the old Doremus machine, the first great objection to it was the rubber or leather separator, which never was nor ever could be satisfactory. The percentage of skips as long as such a separator is used must always be very high. For this mechanism we substituted the metal separator with hardened wearing parts, which has been tried for years and which is undoubtedly satisfactory.

For the metal impression roller we substituted a rubber roll with a letter trip control, and this mechanism is entirely new, and, as we believe, valuable. In the old machine, with a metal roll, the type and dies become battered up in a short time, and these cost a good deal of money. With the new letter trip rubber roll the life of the type and dies is prolonged indefinitely. This letter control impression roll is our own invention and we alone are entitled to use it.

In the old Doremus machine the stacker was never satisfactory. Long letters would shoot around and fall to the floor. It was always getting loose and opening out even on small mail. Our change in this respect is very satisfactory.

I am perhaps writing too much about mechanical matters, but it seems to me that if you will take into consideration the difference between repairing and remodeling, that then you will more clearly understand what I mean.

I had not yet made up my mind just what price to ask for making these changes, repairing as well as remodeling, but have thought that it would be either \$75 or \$80 each, and do not now believe that we can undertake it at a less price.

What I would like to do would be to convince you of the value of the work, the improvements and the inventions, and the actual condition in which you would get the machines back, and the kind of work that they would then do.

If, after reading this letter, you do not think there is anything in my idea, or if you are not interested in it, then I will drop it altogether, but if you think my statements are worthy of trial, then I would like to send this other machine, which we have here

now, to Washington, if you desire to test it there, accompanied with an operator to show within a reasonable time, but under any and all conditions, just what it will do. I think, however, we ought to have the privilege of at least showing it to some one who wants to see what it will do.

I will hope to receive your early and favorable reply.

Very truly, yours,

B. F. CUMMINS.

BFC-EB;

Copy of letter of May 23, 1910, addressed to the B. F. Cummins Co., Chicago, and signed "C. P. Grandfield, First Assistant." Exhibit No. 237.

EXHIBIT No. 237.

MAY 23, 1910.

MR. B. F. CUMMINS,

The B. F. Cummins Co., Chicago, Ill.

MY DEAR SIR: Your letter of the 20th instant has been received. As stated in communication of May 13 the department has no objection to a further test of the Doremus canceling machine remodeled by you. You are therefore at liberty to send it, and an operator to demonstrate its efficiency, to the Washington office at any time. When the remodeled machine has been subjected to a thorough test and examination the department will be able to state whether or not an expenditure of \$75 or \$80 for each machine would be justified.

Very truly, yours,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

JWS.

In this Exhibit No. 237, Dr. Grandfield, it is stated that the department has no objection "to a further test of the Doremus canceling machine remodeled by you." Do you know whether any further test was ever made?

Dr. GRANDFIELD. I have no personal knowledge about that. The papers will show, I assume.

Mr. McCoy. Letter August 9, 1910, addressed to C. P. Grandfield, First Assistant Postmaster General, from the Time Marking Machine Co. Exhibit 238.

EXHIBIT No. 238.

TIME MARKING MACHINE CO.,
RAVENSWOOD STATION,
Chicago, Ill., August 9, 1910.

HON. C. P. GRANDFIELD,

First Assistant Postmaster General, Washington, D. C.

SIR: I find, in looking over our records, that there are 12 Doremus machines in Chicago substations, as per following list: Pullman Station, Auburn Park Station, West Pullman Station, Douglas Park Station, Grand Crossing Station, Ravenswood Park Station, McKinley Park Station, Austin Station, Garfield Park Station, Wentworth Avenue railway post office, Irving Park Station, general delivery section, main office.

In order that the matter may be started and tested out, we will make this formal proposition: We will thoroughly overhaul these machines and put them in order described in previous correspondence for \$75 each.

If this suggestion and price is acceptable to you, could you not send us on from some place 11 or 12 old machines and let us overhaul them, taking out all these old machines at once and putting in the new overhauled ones? Then, let them be given any kind of a test which your department will suggest. If successful, we might then go on with the work.

If this suggestion meets with your approval, we will hope to hear favorably from you.

Very truly, yours,

BFC-EB

TIME MARKING MACHINE CO.,
By B. F. CUMMINS.

Unsigned letter dated August 12, 1910, addressed to The Time Marking Machine Co., Chicago, indorsed "Filed" in red pencil. Exhibit No. 239.

EXHIBIT No. 239.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
DIVISION OF SALARIES AND ALLOWANCES,
Washington, August 12, 1910.

THE TIME MARKING MACHINE CO.,
Ravenswood Station, Chicago, Ill.

GENTLEMEN: In reply to your letter of the 9th instant, offering to overhaul certain Doremus canceling machines, you are informed that the department, being equipped to have this work done in a satisfactory manner for much less than the amount you quote, does not accept your proposition.

Respectfully,

First Assistant Postmaster General.

JWS.

Indorsed "File."

Who put the word "File" on that exhibit?

Dr. GRANDFIELD. I do not know.

Mr. MCCOY. Do you remember seeing Exhibit 239 before?

Dr. GRANDFIELD. No; I do not.

Mr. MCCOY. Mr. Slack, are the initials "J. W. S." on Exhibit 239 yours?

Mr. SLACK. Yes, sir.

Mr. MCCOY. What became of this Exhibit 239 after it was prepared?

Mr. SLACK. I sent it in to the superintendent of the division, to be sent upstairs for signature in the regular way, with other mail.

Mr. MCCOY. Who was the superintendent of the division?

Mr. SLACK. At that time Mr. E. H. Thorp. It came back the next day with the information that it would not be signed, so I marked it—

Mr. MCCOY (interposing). Who gave you the information?

Mr. SLACK. It came back with mail that was signed, but this was not signed, and the messenger who brought it just simply laid it on my desk; he may have said "That one is not signed."

Mr. MCCOY. Who would sign the other mail with which that came back?

Mr. SLACK. Dr. Grandfield.

Mr. MCCOY. Letter August 26, 1910, addressed to C. P. Grandfield, First Assistant, etc., and signed by B. F. Cummins, Exhibit 240.

EXHIBIT No. 240.

TIME MARKING MACHINE CO.,
RAVENSWOOD STATION,
Chicago, Ill., August 26, 1910.

Hon. C. P. GRANDFIELD,
First Assistant Postmaster General, Washington, D. C.

SIR: Will you not favor us with an answer to our letter of August 9 upon the above subject?

I hope you will not think me unduly persistent in this matter, but I really would like to get the matter started, and I believe it will be advantageous all around.

I will hope to receive your favorable reply at an early date.

Very truly, yours,

B. F. CUMMINS.

BFC-EB.

Memorandum August 26, 1910, addressed to Mr. Bushnell and entitled "Chicago, Illinois"; initialed by Dr. Grandfield. On the same page a memorandum addressed to Dr. Grandfield, initialed by E. T. Bushnell, and O. K'd by C. P. Grandfield by his initials, and bearing the initial C. and the name "Mr. Thorp." (Exhibit 241.)

EXHIBIT No. 241.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, August 26, 1910.

Mr. BUSHNELL, Chicago, Ill.:

I think this is an excellent opportunity to test the Doremus machines by having 10 of them sent to the Time Marking Co. to be remodeled. They could then be assigned to the 10 stations in Chicago, replacing the worn-out machines now in use, and the postmaster would be enabled to report definitely whether the department would be justified in having the Doremus machines remodeled.

C. P. G.

G. C.

Dr. GRANDFIELD: I concur fully in your views as to these machines, and I suggest that if we have a proposal in writing from Mr. Cummins as to putting these Doremus machines in order, or remodeling them, that we ship 10 machines to him at once from the number we have in our repair shop. There are some three or four not in use a little nearer Chicago perhaps than Washington, but the difference in freight would be so trifling that I think it would be better to send the entire 10 from here.

In response to the circular letter we sent out on the 19th instant in regard to these Doremus machines, 187 postmasters have submitted reports; 124 report their machines as satisfactory or fairly so; 45 report the machines in their offices in use, but doing very unsatisfactory work; 3 report that their machines are used only occasionally because of unsatisfactory condition; 15 postmasters report the machines assigned to their offices as not in use at all. There are a number of others yet to report. I happen to know of one machine which is not in use which has not yet been reported. If Mr. Cummins's experiments prove satisfactory, we can undoubtedly get several years' service out of many of these machines which are now not in use.

E. T. B.

O. K. C. P. G.

Who put the words "Mr. Thorp" on Exhibit No. 241?

Dr. GRANDFIELD. I do not know. I do not recognize the handwriting.

Mr. McCoy. Is that your handwriting, Mr. Bushnell [passing paper to Mr. Bushnell]?

Mr. BUSHNELL (after examining). It looks very much like it.

Mr. McCoy. Well, is it?

Mr. BUSHNELL. I can not say definitely whether it is now. That is more than a year old—2 years old.

Mr. McCoy. Don't you know your own handwriting?

Mr. BUSHNELL. Not that far back. It looks very much like my writing.

Mr. McCoy. You have not any doubt that it is, have you?

Mr. BUSHNELL. Well, I have not much doubt; no.

Mr. McCoy. Well, have you any doubt that that is in your handwriting?

Mr. BUSHNELL. I say I presume—I think it is.

Mr. McCoy. Have you any doubt that that is in your handwriting?

Mr. BUSHNELL. Well, some one might write like—

Mr. McCoy (interposing). I know they might, but answer my question—that that is in your handwriting and that you wrote that on there?

Mr. BUSHNELL. To the best of my knowledge I wrote it.

Mr. McCoy. Have you any doubt that you put that——

Mr. BUSHNELL (interposing). That occurred two years ago.

Mr. McCoy. Have you any doubt that you wrote that? Now, give me a responsive answer.

Mr. BUSHNELL. I just said, to the best of my knowledge, I wrote it.

Mr. McCoy. Answer my question. My question calls for a categorical answer. Have you any doubt that you wrote it?

Mr. BUSHNELL. I believe that I wrote it.

Mr. McCoy. Will you answer my question? If you do not I will take pains to make you. Now, I want to know whether you now have any doubt that you wrote that on there?

Dr. GRANDFIELD. Mr. McCoy——

Mr. McCoy (interposing). Dr. Grandfield, I know what I want. (To Mr. Bushnell:) I want you to answer my question right now.

Mr. BRITT. I insist that his answer is implied.

Mr. McCoy. I do not care where it is implied. Have you any doubt that you wrote that?

Mr. BUSHNELL. I said——

Mr. McCoy (interposing). I do not care what you said. I do not care for your argument or anything else. I want to know whether you have any doubt——

Mr. BUSHNELL (interposing). I do not want to argue about it.

Mr. McCoy. I do not want any argument either. I want you to answer my question.

Mr. BUSHNELL. I stated——

Mr. McCoy (interposing). Mr. Stenographer, strike out that answer as not responsive.

Mr. BUSHNELL. I believe I did write it.

Mr. McCoy. Then, you have not any doubt that you wrote it?

Mr. BUSHNELL. I say——

Mr. McCoy (interposing). Have you any doubt that you wrote it?

Mr. BUSHNELL. No; I do not think I have any doubt about it, but I do not think that is an absolute——

Dr. GRANDFIELD (interposing). I am familiar with Mr. Bushnell's handwriting. You have handed me this, and I do not recognize that as his handwriting, but I have not any doubt that he wrote it.

Mr. McCoy. I do not care who wrote it, but I do care to have the witness answer my question, and when a man competent enough to be in such a position as Mr. Bushnell is comes here and states that he can not answer such a question, why, I am glad to have it go in the record.

Dr. GRANDFIELD. I think it is so trivial a thing to recognize two words.

Mr. McCoy. I did not ask for two words. [To Mr. Bushnell:] I asked you——

Mr. BUSHNELL (interposing). You asked me whether I wrote it.

Mr. McCoy. I asked you so many times, ad nauseum, but I am simply asking you to test you as a witness. I do not care tuppence whether you wrote it or not.

I offer copy letter August 27, 1910, addressed to the Time Marking Machine Co. and signed "E. T. Bushnell, Acting First Assistant Postmaster General." Exhibit No. 242.

EXHIBIT No. 242.

AUGUST 27, 1910.

THE TIME MARKING MACHINE CO.,

Ravenswood Station, Chicago, Ill.

GENTLEMEN: With reference to recent correspondence on the subject, I beg to request that you submit a formal proposition, in writing, for remodeling 10 Doremus hand-power canceling machines.

If your offer is found acceptable, it is the purpose of the department to ship these machines to your factory and after a thorough overhauling to assign them to the Chicago post office, nine to be used at stations and one in the general-delivery section of the main office.

After testing the remodeled machines in actual service, it will be determined whether or not the expense of remodeling the Doremus machines would be justified by the results attained.

Respectfully,

(Signed) E. T. BUSHNELL,

Acting First Assistant Postmaster General.

JWS/WMW.

Letter, August 30, 1910, addressed to the Hon E. T. Bushnell, Acting First Assistant Postmaster General, signed, "Time Marking Machine Co.," together with the initial C and the following memorandum: "Mr. Thorp: I believe ten (10) machines is enough to experiment with. Have the ten shipped at once from the repair shop. Advise T. M. M. Co. E. T. B., September 1, 1910." That is exhibit No. 243.

EXHIBIT No. 243.

TIME MARKING MACHINE CO.,

RAVENSWOOD STATION,
Chicago, Ill., August 30, 1910.

Hon. E. T. BUSHNELL,

Acting First Assistant Postmaster General, Washington, D. C.

DEAR SIR: Your favor of the 27th instant is received.

In answer, we hereby propose to thoroughly overhaul and remodel your Doremus hand-power canceling machines, the changes and the work upon them to be in accordance with previous correspondence and understanding, and, in a general way, to include the following:

In the Doremus machine, as it is now used with a metal impression roll, the type and dies become battered up in a short time, and being nonadjustable the results are necessarily unsatisfactory. For this old impression roll we substitute a rubber roll with a "letter-trip control." This mechanism is entirely new and is our invention and we believe it to be very valuable and to constitute the difference between a good machine and a poor machine. Experience has demonstrated that either the die or the impression roll must be movable, and that its movements must be controlled by mechanism amounting to a letter trip. This mechanism is embodied in the sample machine forwarded to you some time ago, and in this respect the substitution of this mechanism will put the Doremus machine on a par with the best canceling machine.

We desire to make it plain that this mechanism is invented, owned, and controlled only by us.

The stacking mechanism of the old Doremus machine has never been satisfactory. We propose to change the stacker and to substitute the stacker and necessary mechanism and movement as shown in sample machine above referred to, and this change makes a perfectly satisfactory stacker instead of a very unsatisfactory one.

These are the substantial additions and changes in the machine. In addition, we propose to thoroughly overhaul each machine and return it in substantially the same condition as new, so far as worn parts are concerned, and to include japanning and renickeling such parts as call for these respective finishes, the result to be that so far as looks are concerned you will have substantially new machines.

It is understood that we are not to furnish the steel postmarking die, but we will furnish in each case a new flag line or canceling die.

We will undertake this work and agree to complete the general overhauling of the machines promptly after their receipt by us, for the sum of \$75 each, f. o. b. Chicago.

In your letter of August 27 you speak of remodeling 10 machines. This proposition is made covering these 10 machines, and eventually, as we hope, your whole lot of Doremus machines.

We venture to suggest that in case this proposition is accepted, that you change the number in this case to 12 so as to cover the list of machines in Chicago and sub-stations, as per our letter of August 9, and if this suggestion is accepted, we would make the further suggestion that you ascertain the condition of the steel postmarking dies in each machine, so that if necessary new dies can be substituted simultaneously with the new remodeled machines. It would be a pity to put an old, battered, and worn-out die into the machine, as its work would not be shown up as it should be.

We think that we could remodel these 10 or 12 machines within 30 days after receiving your order, and then if the test is satisfactory, as we feel confident it will be, we could arrange to remodel the remaining machines at almost any desired speed.

We very greatly hope that you will favor us with your early and favorable reply.

Very truly, yours,

TIME MARKING MACHINE Co.,
By B. F. CUMMINS.

BFC-EB.

We have omitted one most important change.

For the old leather separator we will substitute our improved metal separator which is adjustable and has hardened wearing parts, by the use of which "skips" are reduced to the minimum.

(Memorandum:) Mr. Thorp: I believe ten (10) machines is enough to experiment with. Have the ten shipped at once from the repair shop. Advise T. M. M. Co. E. T. B. Sept. 1/10.

Now, Mr. Bushnell, is that your memorandum on there in ink which I read?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. You wrote that, did you?

Mr. BUSHNELL. I did.

Mr. McCoy. Letter September 2, 1910, addressed to E. T. Bushnell, Acting First Assistant, etc., signed by B. F. Cummins. Exhibit No. 244.

EXHIBIT No. 244.

B. F. CUMMINS Co.,
Chicago, September 2, 1910.

Hon. E. T. BUSHNELL,
Acting First Assistant Postmaster General, Washington, D. C.

DEAR MR. BUSHNELL: Your favor of the 30th ultimo is received.

I had already made a price verbally to Dr. Grandfield, which is the same price, \$75, as stated in last letter. I hope that everything will be satisfactory, and I also hope, if possible, that you will be able to send 12 machines instead of 10, as suggested.

In regard to the pick-up table, we have been delayed with our work, having only a limited capacity and being most anxious to get our canceling machine business in a little better shape; that is, a little further along, but from now on we will rush the pick-up table, and I think we will have it in apple-pie order by the time of your approaching visit, September 12 to 15.

I am pleased with its looks and everything else, and I am sure that you will be also.

Hoping to have the pleasure of seeing you very soon, I am,

Very truly, yours,

B. F. CUMMINS.

BFC-EB.

Copy letter September 3, 1910, to the Time Marking Machine Co., signed E. T. Bushnell, Acting First Assistant, etc. Exhibit No. 245.

EXHIBIT No. 245.

SEPTEMBER 3, 1910.

The TIME MARKING MACHINE Co.,
Ravenswood Station, Chicago, Ill.

GENTLEMEN: In accordance with the offer made in your letter of the 30th ultimo to repair and remodel Doremus canceling machines 10 of these machines will be forwarded to your factory at once by freight on Government bill of lading No. A-1992.

It has been decided to send these machines from Washington and to assign them to stations of the Chicago office after they have been remodeled. It is noted that you expect to be able to complete the work within 30 days after the receipt of the machines. Dies will be furnished by the department in due time. Formal order for repairing and remodeling these machines at \$75 each will be sent you later.

Respectfully,

(Signed) E. T. BUSHNELL,
Acting First Assistant Postmaster General.

JWS.

(Note on margin:) In their shop 9/28/10; see letter of that date.

Mr. McCoy. Mr. Slack, on Exhibit No. 245, in blue pencil, are the following words: "In their shop 9/28/10. See letter of that date." Was that put on there by you?

Mr. SLACK. Yes, sir.

Mr. MCCOY. And the meaning of it is what?

Mr. SLACK. It is on the department's file copy of letter dated September 3, 1910, informing the Time Marking Machine Co. that 10 machines will be forwarded to their factory by freight on Government bill of lading. I made that memorandum on there at the time the letter received from the Time Marking Machine Co., dated September 28, 1910, came into the department, the object being to show the date on which the machines were received in the factory of the Time Marking Machine Co.

Mr. BRITT. What kind of machines?

Mr. SLACK. The Doremus machines which were to be remodeled.

Mr. MCCOY. This entire series of exhibits refers to this remodeling of Doremus machines. Mr. Stoddard, there seems to be some doubt in your mind as to whether or not you have been sworn. If you will hold up your right hand I will swear you. (After the witness held up his right hand.) You solemnly swear that the evidence you shall give before this committee shall be the truth, the whole truth, and nothing but the truth, and that such testimony as you have already given before the committee is the truth.

Mr. T. G. STODDARD. I do.

Mr. MCCOY. I show you a carbon copy of a letter and ask you what it is? Or is that the copy of a letter which your company, the American Postal Machines Co., sent to the First Assistant Postmaster General?

Mr. STODDARD. It is.

Mr. MCCOY. Then I offer this copy of letter dated September 19, 1910, being a letter from the American Postal Machines Co. to the First Assistant Postmaster General, which is Exhibit 246.

EXHIBIT No. 246.

T. G. S.

SEPTEMBER 19, 1910.

HON. FIRST ASSISTANT POSTMASTER GENERAL,

Division of Salaries and Allowances, Washington, D. C.

SIR: We have recently been informed that it is proposed to remodel a number of the Doremus canceling machines owned by the department. Should this be a fact we presume that such work will be done under contract after advertising, and we desire an opportunity to bid upon this work.

Very respectfully,

THE AMERICAN POSTAL MACHINES CO.

AMS.

Also letter dated October 12, 1910, addressed to E. T. Bushnell, Acting First Assistant, etc., signed by the Time Marking Machine Co., which is Exhibit No. 247.

EXHIBIT No. 247.

TIME MARKING MACHINE CO.,
Ravenswood Station, Chicago, Ill., October 12, 1910.

Hon. E. T. BUSHNELL,
Acting First Assistant Postmaster General, Washington, D. C.

SIR: In getting the engraved canceling dies for the overhauled Doremus machines we are told by the Chicago post-office people that they were most anxious to put one of these overhauled machines in their general delivery department, which it seems was not contemplated nor covered by your list of stations and dies forwarded.

It seems that the machine in the general delivery department is in particularly poor shape, and they are anxious to get one that will do the work better.

We have therefore taken the liberty of having a canceling die engraved for this machine, so that, if permitted by you, we will be ready to put that machine in with the others.

I very greatly hope that we are not presuming in going this far with it, and will hope to hear from you in reply.

Very truly, yours,

TIME MARKING MACHINE CO.,
By B. F. CUMMINS.

BFC-EB.

Also copy of letter of October 21, 1910, addressed to the Time Marking Machine Co. and bearing the initials "C. P. G.," which will be Exhibit No. 248.

EXHIBIT No. 248.

OCTOBER 21, 1910.

THE TIME MARKING MACHINE CO.,
Ravenswood Station, Chicago, Ill.

GENTLEMEN: In reply to your letter of the 12th instant I beg to advise you that the department, at the time the order for remodeling 10 Doremus canceling machines was placed with you, gave very careful consideration to the number of machines which were to be treated. Your request made then that 12 instead of 10 be remodeled was taken under advisement; but after some deliberation it was decided definitely that 10 was the maximum number necessary for a demonstration of what you were able to do with them.

In view of this circumstance no further orders for work of this nature will be given you unless and until it is shown that the condition and efficiency of the Doremus machine after it leaves your factory are such as to justify the considerable expenditure involved.

Respectfully,

C. P. G.,
First Assistant Postmaster General.

JWS-WWC.

Dr. Grandfield, on this Exhibit 248 are the initials C. P. G. in lead pencil your initials?

Dr. GRANDFIELD. No, sir.

Mr. MCCOY. Do you know whose they are?

Dr. GRANDFIELD. No, sir.

Mr. MCCOY. Mr. Slack, this letter bears your dictation memorandum JWS-WWC. Who is WWC.?

Mr. SLACK. William W. Chance.

Mr. MCCOY. How do those initials C. P. G. get on there?

Mr. SLACK. Mr. Chance put them on to show the original was signed by Dr. Grandfield.

Mr. MCCOY. I offer copy of letter of October 25, 1910, addressed to B. F. Cummins, president Time Marking Machine Co., bearing the initials C. P. G. in lead pencil, which will be Exhibit No. 249. Also the dictation marks JWS-WWC. Mr. Slack, in whose handwriting is that C. P. G.?

EXHIBIT No. 249.

OCTOBER 25, 1910.

Mr. B. F. CUMMINS,
*President Time Marking Machine Co.,
 Ravenswood Station, Chicago, Ill.*

SIR: Referring to your letter of the 1st instant, in which it was stated that you anticipated the delivery of 10 Doremus canceling machines, sent you to be remodeled, would be made October 12 or 14, I beg to request that you advise the department whether or not the work on these machines is completed; and if so, when you expect to turn them over to the postmaster of Chicago.

Respectfully,

C. P. G.,
First Assistant Postmaster General.

JWS-WWC.

Mr. SLACK. In Mr. Chance's handwriting.

Mr. McCoy. And what was the purpose of putting that on there?

Mr. SLACK. To indicate that the original had been signed by Dr. GRANDFIELD.

Mr. GRANDFIELD. Was it not, Mr. Slack, to indicate I had initialed the letter rather than signed it?

Mr. SLACK. No, sir. He put those pencil initials on there to save himself the trouble of stamping your name on it. There is no indication whether you put your initials on it, or whether it was signed, or whether it was stamped.

Mr. McCoy. I also offer copy of memorandum, dated October 31, 1910, entitled memorandum to Mr. Bushnell, signed in lead pencil "J. W. Slack." Exhibit No. 250. What do you know about Exhibit 250, Mr. Slack?

(EXHIBIT No. 250.)

[Memorandum for Mr. Bushnell.]

OCTOBER 31, 1910.

I beg to suggest that at least 1 of the 10 Doremus machines remodeled by the Time Marking Machine Co. be sent to the post office in this city for a thorough test and comparison with other hand machines. It has occurred to me that even though a highly favorable report were made by the postmaster of Chicago it would be, comparatively speaking, of little value, for the reason that there are no hand-power machines at that office other than the Doremus. Therefore, the only real comparison which the postmaster of Chicago is in a position to make is of the remodeled Doremus machine with the same machine before it was remodeled.

On the other hand, a report from the Washington office would be particularly interesting and valuable because of the comparison made there only a short time ago of a Doremus remodeled by the Time Marking people with one repaired by the machine shop. For a further comparison, would it not be well to have a new American No. 1 hand-power machine available at the same time? It might be thought wise to send one of the purchased machines to the Washington office and assign it elsewhere upon conclusion of the test.

In this connection it is suggested that attention be given to the effect on this year's appropriation of placing any considerable order for remodeling the Doremus machines. The cost of remodeling, so far as we know at present, appears to be fixed at \$75 for each machine. Although the rental of the No. 1 hand-power is \$72 annually, a machine of that type assigned from this date would not cost as much as \$50 for the remainder of the present year; similarly a No. 2 hand-power would not cost \$40, and both these latter amounts include the cost of repairs and repair parts.

It is respectfully mentioned in this connection that the order of \$750 for remodeling given the Time Marking Machine Co. was placed without competition, and it is suggested that all the other companies engaged in the manufacture of canceling machines be invited to bid on this work before any more of it is undertaken. Of course this is not necessary if the Time Marking Machine Co. is able to show that its work consists principally of fitting the machines with a device originated by that company. They claim that the letter trip they employ constitutes such a device, but I am informed by our machine-shop men that this letter trip is an old contrivance which has seen years of service. In view of this it would seem that this phase of the situation should be investigated.

J. W. SLACK.

Mr. SLACK. I know I signed it on that date, October 31, 1910, and sent it to Mr. Bushnell. In fact, I took it personally and handed it to him—the original—and put this copy in the file.

Mr. MCCOY. And did you have any conversation with him about it?

Mr. SLACK. Yes, sir.

Mr. MCCOY. What was it?

Mr. SLACK. I mentioned specifically at that time that Cummins—that is, the Time Marking Machine Co.—had been given this order for \$750 for remodeling without any competition, and I suggested that when the department placed any more orders of that kind it would be wise to have competition in this particular matter. I told him that I had been to the machine shop and looked into the mechanical phase of the situation, and that the men there had reported to me that Cummins did not have any new patented device on this remodeled machine at all.

Mr. MCCOY. Was that all the conversation?

Mr. SLACK. Mr. Bushnell made a remark to me at that time. He asked me if I did not think the department owed something to the Time Marking Machine Co. for getting out a fast machine which would compete with the Hey-Dolphin Flier, and I replied that it did not have anything to do with this particular case.

Mr. MCCOY. What action, if any, do you know was taken on memorandum Exhibit 250?

Mr. SLACK. None while I was in charge of the work. About a week later I was transferred to another division.

Mr. MCCOY. At the time this memorandum, Exhibit 250, was made, what was your position in the Post Office Department?

Mr. SLACK. Clerk in charge of the miscellaneous section, section 3.

Mr. MCCOY. In the Division of Salaries and Allowances?

Mr. SLACK. Yes, sir; and that section had charge of all matters pertaining to canceling machines, among other duties.

Mr. MCCOY. You say you were transferred to what department?

Mr. SLACK. I was transferred to the Appointment Division in the same bureau—Dr. Grandfield's bureau.

Mr. MCCOY. And who made the transfer?

Mr. SLACK. Dr. Grandfield sent for me and said they needed a man in the Appointment Division badly and asked if I objected to going, and I told him of course I would go wherever I was transferred. That is all that was said.

Mr. MCCOY. And you did go over into that other division?

Mr. SLACK. Yes, sir.

Mr. MCCOY. When you got there did you find a man was needed?

Mr. SLACK. Not at that particular time, because the Appointment Division has not much to do until Congress meets. Congress met that year about the 5th of December, about a month later, and until it met I had very little to do.

Dr. GRANDFIELD. Where were you assigned?

Mr. SLACK. In the Appointment Division.

Dr. GRANDFIELD. In the presidential section?

Mr. SLACK. Presidential section, with Mr. Wyman.

Dr. GRANDFIELD. How long were you there?

Mr. SLACK. I was there until the following spring when you sent for me to come into your own office and do some other work, correspondence on Sunday service.

Dr. GRANDFIELD. You were placed in entire charge of that work on the Sunday service?

Mr. SLACK. Yes, sir. That is, under you.

Dr. GRANDFIELD. Yes.

Mr. MCCOY. What was this service you were placed in charge of?

Mr. SLACK. Why, the department decided to reduce the hours of labor in the post offices on Sunday so far as it could be done without the enactment of a special statute in response to what was understood to be the prevailing sentiment throughout the country, and Dr. Grandfield thought that the work was of such importance that he ought to look after it personally and sign all the correspondence about it himself. He selected me to write the letters, and I believe I prepared practically all of that correspondence on that particular subject for Dr. Grandfield's signature.

Mr. MCCOY. Correspondence with whom?

Mr. SLACK. With postmasters.

Mr. MCCOY. What was the nature of it?

Mr. SLACK. And also with prominent people in towns and cities throughout the country who were interested in the Sunday-closing movement, so called. It was not really a Sunday-closing movement; it was simply a movement to reduce the hours of service as far as practicable.

Dr. GRANDFIELD. For what particular purpose?

Mr. SLACK. In order to relieve the carriers and clerks from performing duty on Sunday as far as practicable——

Dr. GRANDFIELD. And give every man in the service one day's rest in seven?

Mr. SLACK. Yes, sir; that is the correct answer; to give every man in the post offices one day's rest in seven as far as the exigencies of the service would permit. It was not necessarily intended to give them that day's rest on Sunday. A clerk or carrier could have his day off any other day during the week which did not disarrange the work of the office. Sunday means one thing to one religious denomination and another thing to another denomination, and so it would hardly do to say that the purpose of the movement was only to close on Sunday.

Dr. GRANDFIELD. In your transfers from the Salaries and Allowances Division to the Appointment Division and to my office, did you get the impression that you were being punished for anything?

Mr. SLACK. You ask two questions there, and I will have to answer them separately. When I was transferred into your office to work on Sunday service I did not think I was being punished for anything.

Dr. GRANDFIELD. You thought it was a compliment to your ability?

Mr. SLACK. I did.

Mr. MCCOY. How about when you were transferred to the Appointment Division?

Mr. SLACK. I thought I was transferred because I objected to the way contracts were being given to the Time Marking Machine Co.

Dr. GRANDFIELD. Did you get any such impression from anything I said, or from my manner?

Mr. SLACK. I had practically no conversation with you at all while I was in the miscellaneous section.

Dr. GRANDFIELD. But you told me just now that I sent for you and told you why the transfer was made. I say did you get any impression from my manner or anything I said?

Mr. SLACK. I stated what was said at that time, and I also added that was all that was said.

Dr. GRANDFIELD. But you had gained an impression from the conversation irrespective of words spoken. Did you get an impression from my manner at that time and from my words that I had any idea of punishing you in any way by transferring you?

Mr. SLACK. Punishing me?

Dr. GRANDFIELD. Yes.

Mr. SLACK. No.

Mr. MCCOY. Did you have any idea it was due to the fact that you had been somewhat critical of the dealings of the department with the Time Marking Machine Co.?

Mr. SLACK. I did think so, and I have so testified.

Dr. GRANDFIELD. You thought that was my motive?

Mr. SLACK. I have not said it was your motive.

Dr. GRANDFIELD. No; but I am asking you.

Mr. SLACK. You must remember I did practically no business with you. My business was with Mr. Bushnell, but instructions that came to me came from you through him.

Dr. GRANDFIELD. You have already related a conversation you had with him at the time?

Mr. SLACK. Yes, sir.

Dr. GRANDFIELD. My question is, Had you any reason to believe I was transferring you because of your opposition to any canceling machine contract?

Mr. SLACK. I have answered you I did not gain that impression from your manner, but at that time I did have reason to believe so from the information and knowledge I gained in section 3.

Dr. GRANDFIELD. Do you believe now I had anything to do with your transfer from the Salaries and Allowances Division because of any action you had taken regarding canceling machines?

Mr. SLACK. Yes, sir.

Dr. GRANDFIELD. You think so now?

Mr. SLACK. Yes, sir. I think I would have been allowed to stay there if I had not criticized the Time Marking Machine Co. as much as I did.

Mr. MCCOY. And the methods of the department in dealing with it?

Mr. SLACK. Yes, sir.

At 12.30 p. m. the committee took a recess until 2 o'clock p. m., same day.

AFTER RECESS.

The committee met at 2 o'clock p. m., pursuant to recess taken.

Mr. BRITT. Mr. McCoy, before you resume the examination of the witness—I do not want to interfere with your examination, but I shall want to cross-examine Mr. Slack, and I suppose he will be available for that purpose at any time.

Mr. MCCOY. If it is on anything we took up this morning, I suggest for your consideration that you do it now.

Mr. BRITT. No; I do not think it is best for me to do it now, because I want to look up some other matters in connection with the case.

Mr. McCoy. When do you think you will be able to do that?

Mr. BRITT. I am expecting that you will first complete your case, and then I will come along with the testimony for the department, and include that with the main testimony.

Mr. McCoy. Of course we must bear in mind that January 15 is the last day for the investigation—

Mr. BRITT (interposing). I am jointly bearing that in mind.

Mr. McCoy (continuing). For the completion of the investigation so far as what I am interested in is concerned.

Mr. BRITT. I will say here, then, that I want to put up some witnesses in behalf of the department—that is, originally—and also to examine some of those that you have put up, but I do not think that I shall require a great deal of time.

Mr. McCoy. I do not know about the time proposition, in view of the fact that the B. F. Cummins Co. show January 15, when the other manufacturers have said all they need is 90 days—I have got to give the whole matter consideration now in determining what to do. That is what makes the question of time important. Here is a company that has not any larger award really than at least one of the others, and it requires from the 15th of January to the 1st of July to do certain things which one of the other companies is willing to take only 90 days to do. It is the company that has caused all the trouble in the matter, and personally I consider it of great significance that it has fixed January 15 as the date, and the course of the investigation may be changed possibly for that reason.

Mr. BRITT. Well, I should like for you to indicate to me at any time in advance if it is to be abridged in any way.

Mr. McCoy. I am going to rush it, and I think very likely we will go ahead this evening and all day to-morrow and to-morrow evening, and if Sunday were not a day on which we do not do anything I would make it Sunday as well.

Were you through examining Mr. Slack, Doctor?

Dr. GRANDFIELD. Yes.

Mr. McCoy. You were saying, Mr. Slack, before recess, that you were transferred to the appointment division.

Mr. SLACK. Yes, sir.

Mr. McCoy. And when you got there you found there was very little to do. Is that right?

Mr. SLACK. Yes, sir; for some time after I got there—for about a month.

Mr. McCoy. In other words, there was not any need, so far as you observed, for your transfer to that division at that time?

Mr. SLACK. No immediate need.

Mr. McCoy. Is that one of the things that made you think you were being transferred for some other reason than the good of the service?

Mr. SLACK. Yes, sir.

Mr. McCoy. I have here a copy of a letter dated October 31, 1910, addressed to the purchasing agent, Washington, D. C., signed by the American Postal Machines Co. Mr. Stoddard, is that a copy of a

letter sent by the American Postal Machines Co. to the purchasing agent in Washington [handing letter to Mr. Stoddard]?

Mr. STODDARD. Yes.

Mr. McCoy. That will be Exhibit 251.

EXHIBIT 251.

[From American Postal Machines Co. file.]

T. G. S.

OCTOBER 31, 1910.

PURCHASING AGENT, *Washington, D. C.*

SIR: Representatives of our company have reported to us that the department is considering the rebuilding of a number of the Doremus postmarking and canceling machines.

Several years ago we examined the Doremus machine at the request of department officials, with a view to rebuilding the same. Should the report above referred to be true, the American Postal Machines Co. desires an opportunity of competing for this work.

Very respectfully,

THE AMERICAN POSTAL MACHINES CO.

AMS.

Mr. McCoy. Is there more than one purchasing agent in the Government employ; does anybody know?

Mr. BRITT. There is but one.

Mr. McCoy. Did you ever get an answer to that letter, or did your company?

Mr. STODDARD. I believe there is an answer. My recollection is that the answer shows that the purchasing agent knew nothing about the matter.

Mr. McCoy. And the purchasing agent was J. A. Holmes, purchasing agent for the Post Office Department?

Mr. STODDARD. That is whom I supposed I was addressing. I dictated the letter.

Mr. McCoy. Copy of a letter dated October 31, 1910, addressed to the First Assistant Postmaster General, signed by The American Postal Machines Co. Was that letter sent by your company by mail [handing letter to Mr. Stoddard]?

Mr. STODDARD. It was. I dictated it.

Mr. McCoy. That will be Exhibit 252.

EXHIBIT 252.

T. G. S.

OCTOBER 31, 1910.

HONORABLE FIRST ASSISTANT POSTMASTER GENERAL,
Division of Salaries and Allowances, Washington, D. C.

SIR: Representatives of our company have reported to us that the department is considering the rebuilding of a number of the Doremus postmarking and canceling machines.

Several years ago we examined the Doremus machine at the request of department officials, with a view to rebuilding the same. Should the report above referred to be true, the American Postal Machines Co. desires an opportunity of competing for this work.

Very respectfully,

THE AMERICAN POSTAL MACHINES CO.

AMS.

Mr. McCoy. I see from the papers before me, containing various items, one which reads: "50 Doremus canceling machines at \$15.00 = \$750." Mr. Slack, what is that memorandum which I have just read?

Mr. SLACK. That is a memorandum which Mr. George W. Jones, in charge of the machine shop, sent to me.

Mr. McCoy. For what purpose?

Mr. SLACK. Estimating that it would require that much money to do the work mentioned in the memorandum.

Mr. McCoy. And that was repairing?

Mr. SLACK. Yes, sir; repairing 50 Doremus canceling machines, at \$15 apiece.

Mr. McCoy. I offer memorandum referred to as Exhibit 253.

EXHIBIT 253.

55 H. C., type M motors, $\frac{1}{2}$ H. P., 500 V., at \$11.00.....	\$605.00
15 H. C., type M motors, $\frac{1}{2}$ H. P., 220 V., at \$10.00.....	150.00
20 H. C., type M motors, $\frac{1}{2}$ H. P., 110 V., at \$10.00.....	200.00
13 H. C., type M motors, $\frac{1}{2}$ H. P., 500 V-220 V-110 V., at \$12.00.....	156.00
11 H. C., type E motors, $\frac{1}{2}$ H. P., 500 V., at \$11.00.....	121.00
2 H. C., type E motors, $\frac{1}{2}$ H. P., 220 V., at \$10.00.....	20.00
2 H. C., type E motors, $\frac{1}{2}$ H. P., 110 V., at \$10.00.....	20.00
10 H. C., type E motors, $\frac{1}{2}$ H. P., 500 V., at \$12.00.....	144.00
3 H. C., type E motors, $\frac{1}{2}$ H. P., 220 V., at \$11.00.....	33.00
1 H. C., type E motors, $\frac{1}{2}$ H. P., 110 V., at \$10.00.....	10.00
22 H. C., special motors, $\frac{1}{2}$ H. P., 500 V., at \$11.00.....	240.00
5 H. C., special motors, $\frac{1}{2}$ H. P., 220 V., at \$10.00.....	50.00
22 H. C., special motors, $\frac{1}{2}$ H. P., 110 V., at \$10.00.....	220.00
4 H. C., type E d. c., $\frac{1}{2}$ H. P., 500 V., at \$10.00.....	40.00
5 H. C., type E d. c., $\frac{1}{2}$ H. P., 110 V., at \$6.00.....	30.00
13 H. C., type 02 or 05, $\frac{1}{2}$ H. P., 60 cycles, 110 V., at \$5.00.....	65.00
9 H. C., type 02 or 05, $\frac{1}{2}$ H. P., 60 cycles, 110 V., at \$7.00.....	63.00
3 H. C., type 02 or 05, $\frac{1}{2}$ H. P., 133 cycles, 110 V., at \$5.00.....	15.00
3 H. C., type 02 or 05, $\frac{1}{2}$ H. P., 133 cycles, 110 V., at \$6.00.....	18.00
1 H. C., type 02 or 05, $\frac{1}{2}$ H. P., 133 cycles, 104 V., at \$4.00.....	4.00
105 H. C., special rheostats, $\frac{1}{2}$ H. P., 500 V, 220 V, 110 V, at \$3.00.....	315.00
45 Cutler hammer rheostats, $\frac{1}{2}$, $\frac{1}{4}$, $\frac{1}{8}$ H. P., 500 V, 220 V, 110 V, at \$2.00..	90.00
45 Bundy clocks, at \$7.00—\$331.00.....	405.00
50 Doremus canceling machines, at \$15.00.....	331.00
	750.00
	2, 204.00
	3, 690.00
219 motors.	
150 rheostats.	
45 Bundy time and recorded clocks.	
50 Doremus canceling machines.	

Mr. McCoy. Memorandum dated November 3, 1910, entitled "Doremus canceling machines," initialed by E. T. Bushnell, with a memorandum on it, "Mr. Thorp." This is Exhibit 254:

EXHIBIT No. 254.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, November 3, 1910.

DOREMUS CANCELING MACHINES.

Chillicothe, Missouri; New Richmond, Wisconsin; Elwood (Comb), Indiana; Brazil, Indiana; Aurora, Nebraska; Oswego, Kansas (sent from shop, 1-12-11):

If the postmaster of Chicago should report favorably upon the machines which have been remodeled by the Time Marking Company and it should be decided to give the company for similar remodeling the machines which the remodeled machines will replace in the stations of the Chicago office, from this second lot there should be shipped machines to the above-named places to replace the Doremus machines there now which are in bad condition.

Reply to the letters in these cases and advise the postmasters that their old machines will be replaced by better ones just as soon as there are any available.

B-C.

E. T. B.

Mr. Thorp.

(Stamped:) Division of Salaries and Allowances. Received Nov. 4, 1910. Superintendent.

Letter dated November 4, 1910, addressed to the American Postal Machines Co., signed by J. A. Holmes, purchasing agent, which will be Exhibit No. 255:

EXHIBIT No. 255.

[From American Postal Machines Co. file.]

POST OFFICE DEPARTMENT,
OFFICE OF THE PURCHASING AGENT,
Washington, November 4, 1910.

AMERICAN POSTAL MACHINES COMPANY,
Boston, Mass.

GENTLEMEN: In reply to your letter of the 31st ultimo, you are advised that your communication has been referred to the First Assistant Postmaster General (Division of Salaries and Allowances), as this office has no knowledge of any proposed rebuilding of Doremus canceling machines.

Respectfully,

J. A. HOLMES, *Purchasing Agent.*
W. B.

Letter dated November 7, 1910, addressed to the American Postal Machines Co., signed apparently with a rubber stamp, "C. P. Grandfield, First Assistant Postmaster General," and bearing the initials "E. H. T." which will be Exhibit No. 256. Whose initials are "E. H. T."?

DR. GRANDFIELD. E. H. Thorp, who was then superintendent of the Division of Salaries and Allowances.

MR. MCCOY. That is signed with a rubber stamp, isn't it?

DR. GRANDFIELD. Yes.

EXHIBIT No. 256.

C. S.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, November 7, 1910.

THE AMERICAN POSTAL MACHINES COMPANY,
Boston, Massachusetts.

GENTLEMEN: In response to your letter of the 31st ultimo I beg to advise you that in accordance with your request you will be afforded an opportunity to bid on rebuilding Doremus canceling machines, should it be decided to overhaul any considerable number of them.

Respectfully,

C. P. GRANDFIELD,
First Assistant Postmaster General.
E. H. T.

JWS.

MR. MCCOY. Letter dated November 9, 1910, addressed to C. P. Grandfield, First Assistant Postmaster General, signed by B. F. Cummins, which will be Exhibit No. 257:

EXHIBIT No. 257.

THE B. F. CUMMINS CO.,
Chicago, 11-9-10.

HON. C. P. GRANDFIELD,
First Assistant Postmaster General, Washington, D. C.

SIR: We are inclosing herewith bill receipted in duplicate, covering the remodeling and repairing of the ten (10) Doremus machines.

The bill, as you will see, is made out by the Time Marking Machine Company, while this letter is written by the B. F. Cummins Company. We have made out the bill in this way because the only order which we have is your letter of September 3, and it is addressed to the Time Marking Machine Company.

If it does not make any difference to you, we would prefer that all future business relating to these Doremus repaired and remodeled machines should be done in the name of the B. F. C. Co., and also the business relating to the "pick-up tables." The canceling machine business remains, of course, as it is, and belongs to the Time Marking Machine Company.

If all this, or any of it, makes any difference to you or will make any confusion of any sort, then I will withdraw this letter, but if it is just the same to your department, please let it go as above.

In your letter of September 3, above referred to, you say: "Formal order for repairing and remodeling these machines at \$75.00 each will be sent you later." This formal order we have never received, and hope it will not be necessary to delay the matter by having it made out, but if it is, and if it is just the same to you, please have it made out to the B. F. Cummins Co.

I will only add that I believe you will find these Doremus machines quite as satisfactory, if not more satisfactory, than any other hand-power machine in use by the department, and I am sure they will last just as long and be as good in every respect.

Very truly, yours,

B. F. CUMMINS.

BFC-EB.

Letter dated November 12, 1910, addressed to C. P. Grandfield, First Assistant Postmaster General, signed by B. F. Cummins, which will be Exhibit No. 258:

EXHIBIT No. 258.

THE B. F. CUMMINS CO.,
Chicago, 11-12-10.

Hon. C. P. GRANDFIELD,

First Assistant Postmaster General, Washington, D. C.

SIR: Here is a matter which I do not know the right and wrong of, and am therefore sending the statement along for your consideration.

When you sent on the 10 "Doremus" machines, you sent the flag line or canceling dies to the Chicago post office and they handed them to us. They were blank, of course, and could not be used. Without considering the matter at all, as to who should pay for the engraving, we ordered it done and this is the result.

Our proposition to remodel the machines was not intended to cover this item, but possibly your acceptance of it was not intended to cover it either. I will just simply leave it to you and there will be no hard feeling on our part at your decision, whichever way it is.

If it is all right, will be glad to have you pay it, and if it is wrong will be just as happy when you say so.

Very truly, yours,

B. F. CUMMINS.

BFC-EB.

(Stamped:) First Assistant Postmaster General. Chief Clerk. Received Nov. 14, 1910.

Memorandum dated November 18, 1910, addressed to Mr. Trotter, initialed by E. T. Bushnell, with a memorandum on it initialed by C. F. Trotter, which will be exhibit No. 259:

EXHIBIT No. 259.

[Memorandum.]

POST OFFICE DEPARTMENT.
FIRST ASSISTANT POSTMASTER GENERAL,
November 18, 1910.

Mr. TROTTER:

The cost of these special dies for the ten Doremus machines remodeled for the Chicago stations is a proper charge against the appropriation. It was not intended that Mr. Cummins should provide these dies. The original correspondence with him, I think, will show this. It ought to if it does not. Please have a letter written to him in reply to his of the 12th instant.

E. T. B.

B-C.

Mr. TULLIS: Authorize P. M. Chicago to pay upon presentation of bills, and advise Mr. Cummins.

C. F. T.

Letter dated November 26, 1910, to the American Postal Machines Co., signed with a rubber stamp, "C. P. Grandfield, First Assistant Postmaster General," and initialed "E. H. Thorp," which will be Exhibit No. 260:

EXHIBIT No. 260.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, November 26, 1910.

THE AMERICAN POSTAL MACHINES COMPANY,
Boston, Massachusetts.

GENTLEMEN: With reference to your letter of the 31st ultimo, stating that you understand that the department is considering the rebuilding of a number of the Doremus canceling machines, and that you desire to compete for the work, I beg to advise you that the postmaster at Maynard, Massachusetts, has been instructed to ship one of these machines to you by freight on Government bill of lading No. A-2330. It is requested that you examine the machine thoroughly and report to this office what you propose to do in the way of repairing, remodeling, or rebuilding it, and submit a bid for the work, both on single machines as they may be sent to you, or in lots of ten or more. The department can not state at this time just how many machines it will want remodeled, should it be decided to have the work done, as that will depend largely on the cost and the efficiency of the machine after it has been remodeled.

Respectfully,

C. P. GRANDFIELD,
First Assistant Postmaster General.
E. H. T.

JRT.

Mach. recd. from Maynard Jan. 16th.

Mr. Stoddard, will you look at the memorandum on the bottom of Exhibit No. 260, in regard to the machine received from Maynard January 16? What does that memorandum mean?

MR. STODDARD. It means—this letter is dated November 26, in which it is stated that a machine from the postmaster at Maynard—"The postmaster will be instructed to ship one of those machines to you by freight."

Mr. McCoy. To your company?

MR. STODDARD. Yes; and the machine was received January 16, and memorandum made by me.

Mr. McCoy. Letter dated November 22, 1910, addressed to C. P. Grandfield, First Assistant Postmaster General, from D. A. Campbell, postmaster at Chicago, which will be Exhibit 261:

EXHIBIT 261.

Y-H.

UNITED STATES POST OFFICE,
OFFICE OF SUPERINTENDENT OF MAILS,
Chicago, Ill., November 22, 1910.

Hon. C. P. GRANDFIELD,
First Assistant Postmaster General,
Division of Salaries and Allowances, Washington, D. C.

SIR: Yours of October 25th (CS, JWS, EHT) received. This office has the honor to submit herewith reports from the foreman of machinists and from the various clerks to whom tests of the remodeled Doremus canceling machines were entrusted. The former contains the general information which you desire, especially that which relates to the proper charge for the work of remodeling and repairing machines, and the latter reports indicate the efficiency of the machines.

Respectfully,

D. A. CAMPBELL, *Postmaster.*

Enc.

Copy report dated November 22, 1910, addressed to F. H. Galbraith, superintendent of mails, signed "P. J. Madigan, foreman mechanical department," which will be Exhibit No. 262, accompanied by several sheets of tests, dated November 5, which will be a part of Exhibit No. 262. Both come attached to Exhibit No. 261, being the letter of transmittal from the postmaster at Chicago.

EXHIBIT No. 262.

UNITED STATES POST OFFICE,
OFFICE OF SUPERINTENDENT OF MAILS,
Chicago, Ill., November 22, 1910.

F. H. GALBRAITH,
Superintendent of Mails.

SIR: The machines were operated in each case by clerk at station regularly assigned to that duty, and their varying abilities in that line are shown in the different reports. They are all very favorably disposed toward the remodeled machine, and I quite agree with them, for it permits the machine postmarking of their letters and postal cards, which heretofore had to be sorted out and handstamped, and because of this large percentage of illegible postmarking some of the old machines were seldom if ever used.

The greatest improvement shown by these remodeled machines over the old is principally due to the new letter trip, rubber impression roller (referred to in attached letter from the department). This, in my opinion, is a new and decidedly practical piece of mechanism for that purpose. It permits of perfect impressions on matter as thin as a single slip at present, and I can see no reason why it should not continue to do so. It should also prolong the life of the type and dies, which heretofore were soon battered and worn by coming in contact with the nonflexible metal impression roller when closely adjusted in endeavors to obtain impressions on thin letters and postal cards on old machines.

This necessarily close adjustment was possible only when the machines were new, with the type, dies, etc., properly fitted and in perfect alignment, but the play soon developing, permitted the inked type and die to be thrown out of line by the centrifugal force of revolving die cylinder and into contact with the impression roller, thus battering the type and causing backinking, making it necessary to supply new parts or to increase the space between die and impression roller, with a poorer impression on thin mail as the consequent result. These defects appear to have been overcome by this new type of impression roller.

The steel separator on remodeled machine appears to be far more serviceable and durable than the rubber separator used on old machine, and I expect better results than already obtained when the clerks become more accustomed to its operation. The new stacker backstop is also considered a practical improvement.

All parts appear to be well made and machines reconstructed in a durable manner, with the exception of the Japan finish on some of the machines, which I believe were not baked quite hard enough, as it mars quite easily. No fault to find with the nickel finish.

In regard to its favorable comparison with other late model hand-power machines, I can only say that it appears to be practically as good as any hand-power machine that has come under my supervision.

Referring to the last paragraph, in letter from office of the First Assistant Postmaster General, of date October 25, and attached herewith, requesting an opinion as to the probable cost of remodeling and repairing the old Doremus canceling machines in lots of fifty or more. In connection therewith the following is respectfully submitted.

In my opinion \$50 per machine would cover the cost in labor and material required in lots of 50 or more, to bring the Doremus machines up to the high standard attained by those recently remodeled, the following figures to the contrary notwithstanding.

While investigating in endeavors to arrive at a definite cost for this work, I was thrown with the man having complete charge of changing over the present 10 machines, while he was making some changes in machine located in our general delivery section. Upon questioning him in a roundabout way as to the time spent on those machines, his cost figured up to over \$100 per machine for labor alone, and the customary 75 to 100 per cent usually added to labor cost by people in that line of business would about double this amount.

While I do not doubt the cost to them was considerable for those 10 machines, and though experience has taught me that the work on a machine apparent to the observer does not always show the actual cost for bringing a machine to a perfected condition, still I do believe that the excess cost was because of the work being along new lines,

requiring experimenting, etc., and the fact that the best results were demanded from machines at this office. Hence the transformation of a machine heretofore considered as so much junk into a first-class machine for the purpose intended.

Further experimenting should not be necessary, and I believe in lots of 50 or more the cost per machine should not exceed the aforementioned figure, \$50.

Respectfully,

P. J. MADIGAN,
Foreman Mechanical Department.

NOVEMBER 5, 1910.

Report on remodeled Doremus machine as compared with the Doremus machine formerly used in the general delivery section:

	Number of pieces, mixed.	Time.	Percent of skips.	Illegible.	Perfect.
		<i>Seconds.</i>			
Old machine.....	100	40	12	16	72
New machine.....	100	30	3	None.	97

	Number of postal cards.	Time.	Percent of skips.	Illegible.	Perfect.
		<i>Seconds.</i>			
Old machine.....	100	20	16	84	None.
New machine.....	100	20	2	None.	98

P. B. SULLIVAN,
Foreman General Delivery.

REMARKS.—On perfection the remodeled machine shows a big improvement over the old on mixed mail, including domestic and foreign letters and cards, besides making a better impression. On postal cards 98 per cent perfect is a great improvement. The old machine rarely gave a legible impression on cards. Work of both herewith submitted.

SUPERINTENDENT AUSTIN STATION.

SIR: Please make test and supply the information called for below as to the relative merits of your old Doremus canceling machine and the remodeled Doremus machine recently installed at your station.

	Number of pieces let- ter mail, mixed.	Time.	Percent of skips.	Per cent. mutilated.	Per cent perfect.
		<i>Min. sec.</i>			
Old machine.....	300	1 45	10	Very few.	90
New machine.....	300	1 30	2	None.	98

	Number of pieces pos- tal cards.	Time.	Percent of skips.	Per cent mutilated.	Per cent perfect.
		<i>Seconds.</i>			
Old machine.....	100	22	12	Very few.	None.
New machine.....	100	20	None.	None.	100

Does the nickel and japan finish and other changes made in the remodeled machine appear to be well made and of a substantial character? Yes.

What is your opinion of the work accomplished by the remodeled machine as compared with that of the old? In comparison with the old machine the remodeled machine is slightly slower, caused no doubt by the machine being new and running slightly heavy; less skips, none mutilated, and all postmarks perfect both on cards and letters, whereas the old machine did not show postmarks on cards plainly, and there were none perfect.

Respectfully,

H. ROBERTSON, *Superintendent.*

SUPERINTENDENT AUBURN PARK STATION.

SIR: Please make test and supply the information called for below as to the relative merits of your old Doremus canceling machine and the remodeled Doremus machine recently installed at your station:

	Number of pieces, mixed mail.	Time.	Per cent of skips.	Per cent mutilated.	Per cent illegible.	Per cent perfect.
		<i>Seconds.</i>				
Old machine.....	100	46	0.07			0.93
New machine.....	100	36	.04			.96

	Number of pieces, postal cards.	Time.	Per cent of skips.	Per cent mutilated.	Per cent illegible.	Per cent perfect.
		<i>Seconds.</i>				
Old machine.....	100	15	10	1	87	2
Cannot be used for cards.						
New machine.....	100	22	6			94

Does the nickel and japan finish and other changes made in the remodeled machine appear to be well made and of a substantial character? Yes.

What is your opinion of the work accomplished by the remodeled machine as compared with that of the old?

REMARKS.—100 per cent better in number of skips, improved postmarks, and in the canceling of postal cards.

EBEN J. BEACH, *Superintendent.*

SUPERINTENDENT GARFIELD PARK STATION.

SIR: Please make test and supply the information called for below as to the relative merits of your old Doremus canceling machine and the remodeled Doremus recently installed at your station:

	Number of pieces letter mail.	Time.	Per cent of skips.	Per cent mutilated.	Per cent perfect.
Old machine, No. 489.....	100	20 seconds...	10	Impression poor...	50
New machine, No. 368.....	300	1 minute....	4	Imperfect, 2 per cent.	94

	Number of pieces postal cards.	Time.	Per cent of skips.	Per cent mutilated.	Per cent perfect.
Old machine, No. 489.....	100	18 seconds...	4	None.....	None.
New machine, No. 368.....	100	.....do.....	2	None.....	98

Does the nickel and japan finish and other changes made in the remodeled machine appear to be well made and of a substantial character? Yes.

What is your opinion of the work accomplished by the remodeled machine as compared with that of the old? Greatly superior.

REMARKS.—Perfect cancellation on postal cards, good separation on mixed mail, and will be a great benefit to this station.

D. J. GEARY, *Superintendent.*

SUPERINTENDENT PULLMAN STATION.

SIR: Please make test and supply the information called for below as to the relative merits of your old Doremus canceling machine and the remodeled Doremus machine recently installed at your station:

	Number of pieces mixed mail.	Time.	Per cent of skips.	Per cent mutilated.	Per cent illegible.	Per cent perfect.
		<i>Seconds.</i>	<i>Pieces.</i>		<i>Pieces.</i>	<i>Pieces.</i>
Old machine.....	165	54	14	None.	74	77
New machine.....	165	45	1	None.	5	159

	Number of pieces postal cards.	Time.	Per cent of skips.	Per cent mutilated.	Per cent illegible.	Per cent perfect.
		<i>Seconds.</i>				
Old machine.....	100	24	13	None.	30	5
New machine.....	100	18	2	None.	None.	98

Does the nickel and japan finish and other changes made in the remodeled machine appear to be well made and of a substantial character? Yes.

What is your opinion of the work accomplished by the remodeled machine as compared with that of the old?

REMARKS.—Can cancel more mail and receive a better impression with less skips in less time on the remodeled machine than can be accomplished on old machine.

G. A. ERNST, *Superintendent.*

SUPERINTENDENT WEST PULLMAN STATION.

SIR: Please make test and supply the information called for below as to the relative merits of your old Doremus canceling machine and the remodeled Doremus machine recently installed at your station:

	Number of pieces— mixed mail.	Time.	Per cent of skips.	Per cent mutilated.	Per cent illegible.	Per cent perfect.
		<i>Seconds.</i>	<i>Pieces.</i>		<i>Pieces.</i>	<i>Pieces.</i>
Old machine.....	100	20	18	None.	61	21
New machine.....	100	20	3	None.	8	89

	Number of pieces— postal cards.	Time.	Per cent of skips.	Per cent mutilated.	Per cent illegible.	Per cent perfect.
		<i>Seconds.</i>				
Old machine.....	100	15	4	None.	96	None.
New machine.....	100	15	2	None.	1	97

Does the nickel and japan finish and other changes made in the remodeled machine appear to be well made and of a substantial character? Yes, excepting the japan finish, which looks cheap and scratches easily.

What is your opinion of the work accomplished by the remodeled machine as compared with that of the old?

REMARKS.—The work is much better, as shown by samples of new and old here-with.

Respectfully submitted.

H. H. VAN EVRA, *Superintendent.*

SUPERINTENDENT MCKINLEY PARK STATION.

SIR: Please make test and supply the information called for below as to the relative merits of your old Doremus canceling machine and the remodeled Doremus machine recently installed at your station:

	Number of pieces, mixed mail.	Time.	Per cent of skips.	Per cent mutil- ated.	Per cent illegible.	Per cent per- fect.
Old machine.....	115	25 seconds.....	0.095	0.009	0.08	0.75
New machine.....	350	1 minute.....	.03	None.	None.	.97

	Number of pieces, pos- tal cards.	Time.	Per cent of skips.	Per cent mutil- ated.	Per cent illegible.	Per cent per- fect.
Old machine.....	100	19 seconds.....	0.07	None.	0.80	None perfect
New machine.....	100	17 seconds.....	None.	None.	None.	0.99

Does the nickel and japan finish and other changes made in the remodeled machine appear to be well made and of a substantial character? Yes.

What is your opinion of the work accomplished by the remodeled machine as compared with that of the old?

REMARKS.—Work accomplished by the remodeled machine is good.

Respectfully submitted.

HENRY BLATTNER, *Sup't.*

SUPERINTENDENT DOUGLAS PARK STATION.

SIR: Please make test and supply the information called for below as to the relative merits of your old Doremus canceling machine and the remodeled Doremus machine recently installed at your station:

	Number of pieces mixed mail.	Time.	Per cent of skips.	Per cent mutil- ated.	Per cent illegible.	Per cent perfect.
Old machine.....	100	<i>Minute.</i> ½	2	None.	8	90
New machine.....	100	½	None.	None.	All poor impressions. 5 imperfect.	95

	Number of pieces pos- tal cards.	Time.	Per cent of skips.	Per cent mutil- ated.	Per cent illegible.	Per cent perfect.
Old machine.....	100	<i>Seconds.</i> 20	4	None.	2	94
New machine.....	100	20	None.	None.	4 imperfect.	96

Does the nickel and japan finish and other changes made in the remodeled machine appear to be well made and of a substantial character? Yes.

What is your opinion of the work accomplished by the remodeled machine as compared with that of the old?

REMARKS.—The new machine makes a clearer and more distinct impression.

Respectfully,

A. P. TRELEAVEN, *Superintendent.*

SUPERINTENDENT GRAND CROSSING STATION.

SIR: Please make test and supply the information called for below as to the relative merits of your old Doremus canceling machine and the remodeled Doremus machine recently installed at your station.

	Number of pieces mixed letter mail.	Time.	Per cent of skips.	Per cent mutilated.	Per cent perfect.
		<i>Seconds.</i>			
Old machine.....	144	55	12	None.	65
New machine.....	203	55	6	None.	94

	Number of pieces postal cards.	Time.	Per cent of skips.	Per cent mutilated.	Per cent perfect.
		<i>Seconds.</i>			
Old machine.....	100	25	6	None.	None.
New Machine.....	100	15	5	None.	95

Does the nickel and japan finish and other changes made in the remodeled machine appear to be well made and of a substantial character?

What is your opinion of the work accomplished by the remodeled machine as compared with that of the old?

REMARKS.—My opinion is there is no comparison in the quality of the work by the two machines. The tests made as shown above are a fair exhibit, but in actual use of the machine it is not believed as good results are achieved as the test indicates.

Respectfully,

H. Z. EATON, *Superintendent.*

SUPERINTENDENT IRVING PARK STATION.

SIR: Please make test and supply the information called for below as to the relative merits of your old Doremus canceling machine and the remodeled Doremus machine recently installed at your station:

	Number of pieces mixed mail.	Time.	Per cent of skips.	Per cent mutilated.	Per cent illegible.	Per cent perfect.
		<i>Seconds.</i>				
Old machine.....	100	32	17	None.	24	59
New machine.....	100	23	2	None.	1	97

	Number of pieces postal cards.	Time.	Per cent of skips.	Per cent mutilated.	Per cent illegible.	Per cent perfect.
		<i>Seconds.</i>				
Old machine.....	100	16	20	None.	10	70
New machine.....	100	16	1	None.	None.	99

Does the nickel and japan finish and other changes made in the remodeled machine appear to be well made and of a substantial character?

What is your opinion of the work accomplished by the remodeled machine as compared with that of the old?

REMARKS.—New machine very much superior to old machine.

Respectfully,

JOHN F. M'CORMICK, *Superintendent.*

Dr. Grandfield, did you ever see Exhibit No. 262, which I now show you? [Handing papers to Dr. Grandfield.]

Dr. GRANDFIELD. I think so.

Mr. McCoy. Do you remember when you first saw it?

Dr. GRANDFIELD. No; I do not.

Mr. McCoy. Was it at or about the time that Exhibit No. 261 bears date?

Dr. GRANDFIELD. I presume so, Mr. McCoy.

Mr. McCoy. Did it ever form the basis of any action on your part?

Dr. GRANDFIELD. I do not remember.

Mr. McCoy. Do you know anything about the method of making the tests which are reported in Exhibit No. 262?

Dr. GRANDFIELD. Not from any personal knowledge; no.

Mr. McCoy. Well, from any information; have you any idea?

Dr. GRANDFIELD. This correspondence is back in November, 1910, and my recollection of it just at present is very vague.

Mr. McCoy. The Doremus machines, the old machines, were in pretty bad shape, weren't they?

Dr. GRANDFIELD. Yes.

Mr. McCoy. There were a number of them at the Chicago office, were there not?

Dr. GRANDFIELD. Yes.

Mr. McCoy. Do you know whether these comparisons are made by taking a remodeled machine and comparing it with other Doremus machines which had not been remodeled?

Dr. GRANDFIELD. Well, it would simply be a guess on my part, Mr. McCoy. The report itself says: "The greatest improvement shown by these remodeled machines over the old, as furnished under the later contract, is the rubber impression roll." I would assume from that statement that the comparison was made with the old machines.

Mr. McCoy. Letter from Chicago, dated November 26, 1910, addressed to C. P. Grandfield, signed by B. F. Cummins, will be Exhibit No. 263:

EXHIBIT No. 263.

THE B. F. CUMMINS CO.,
Chicago, 11-26-10.

HON. C. P. GRANDFIELD,
First Assistant Postmaster General, Washington, D. C.

REMODELING DOREMUS MACHINES.

SIR: I am anxious to hear the result of the tests and of the report, which I suppose was made some time ago by the Chicago post office, covering the ten remodeled machines.

I have heard from our own workmen and in a desultory way that the machines seem to give very good satisfaction. In fact, I have heard it stronger than that, but I have not been advised as to the report itself, and, if proper, would like to know as much as you will tell me about it.

I hope that you will find it possible to advise me shortly of your further intentions in this regard. Like several other things which I have undertaken to do, the getting

ready for this work and the doing of a small number of machines has been more expensive than I had figured. We have spent considerably more money on the job than is represented by the bill recently sent to you.

I still think that if we can get the machines in fairly good lots that we can do the work at the price given and make a reasonable profit out of it, but I see that it is not possible to do it in lots of 10, 15, or 20.

We found it necessary to add an additional bearing to the main shaft in order to get satisfactory results and leave the machine as we thought it should be left. This had added quite a little to our estimated cost, but if we could get the machines 100 at a time, or something like that, it would be all right.

Will you not favor me with a reply soon?

Very truly, yours,

B. F. CUMMINS.

BFC-EB.

(Stamped:) First Assistant Postmaster General. Received Nov. 28, 1910.

Dr. GRANDFIELD. These samples were evidently sent in to show the postmarking of the new machines.

Mr. McCoy. Letter dated December 8, 1910, addressed to C. P. Grandfield, First Assistant, and signed by B. F. Cummins, will be Exhibit No. 264:

EXHIBIT No. 264.

THE B. F. CUMMINS CO.,
Chicago, 12-8-10.

Hon. C. P. GRANDFIELD,

First Assistant Postmaster General, Washington, D. C.

SIR: Would you think me unduly persistent if I inquire about the prospect of further work in connection with the remodeling of the Doremus canceling machines?

I have just now before me our trial balance for November, and find that I paid out, in connection with the Doremus machines, \$918.67, and that on the other side of the ledger we have our bill for \$750, which is a condition which is not the most flattering in the world.

I would like to make up this loss on future business, and hope that you can see your way to favor us.

Very truly, yours,

B. F. CUMMINS.

BFC-EB.

(Stamped:) First Assistant Postmaster General. Received Dec. 10, 1910. Division of Salaries and Allowances. First Assistant Postmaster General. Received Dec. 10, 1910.

Memorandum dated December 23, 1910, entitled: "Memorandum for Dr. Grandfield," initialed by E. T. Bushnell with ink, and memorandum on the bottom initialed by C. P. Grandfield, dated on the same date as the memorandum, which will be Exhibit No. 265:

EXHIBIT No. 265.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, December 23, 1910.

Memorandum for Dr. Grandfield: Remodeled Doremus canceling machines.

The accompanying report relative to the 10 Doremus machines remodeled by Mr. Cummins would seem to indicate that the department's action was a wise one, and that these machines, with the new parts which Mr. Cummins has added to them, some of which I understand are different from those in the original machine, are now faster and do better work than when the machines were first built. If they will hold up at this pace for any length of time it would seem to demonstrate that these Doremus machines remodeled on the Cummins plan are a pretty good asset. The main question, however, is the expense. Our appropriation will not permit of going into the remodeling very extensively at \$75 each. You will observe a letter from Mr. Cummins, dated the 8th instant, in which he intimates that the ten machines cost him more to remodel than the department agreed to pay him. You will also notice a letter signed by J. P. Madigan, foreman of the mechanical department of the Chicago post office, in which he states that in his opinion \$50 for a machine should cover the cost of labor and material

required to remodel these machines if done in lots of fifty or more. But the Department can not afford to have fifty of them remodeled at this time. I think the appropriation will easily stand having ten more repaired—the ten that are now in the Chicago office that were replaced by the ten remodeled machines. I think we can afford to give Mr. Cummins that order at once.

B-C.

E. T. B.

O. K. Tell him we are willing to have 10 more remodeled under the terms of his former proposition, and ask for a proposal to remodel 50 or more.

C. P. G.

12/23, 1910.

In Exhibit No. 265, referring to the Doremus machine which had been remodeled by Mr. Cummins, it says:

If they will hold up at this pace for any length of time, it would seem to demonstrate that these Doremus machines remodeled on the Cummins plan are a pretty good asset.

Isn't it a fact that the Doremus machines do not hold up in the service for any great length of time?

Dr. GRANDFIELD. I telegraphed to Chicago a few days ago and asked them what was the condition of the Doremus machines in the stations of the Chicago post office in which they were being used, and the Chicago office answered that they were all in use and doing good service.

Mr. McCoy. Hadn't it been the experience of the department previous to December 23, 1910, that the Doremus machines did not hold up in the service?

Dr. GRANDFIELD. Those remodeled in our machine shop did not hold up well.

Mr. McCoy. Have you any report showing that the ones remodeled here did not hold up well?

Dr. GRANDFIELD. No. On the contrary, the only report I recall is the one I have just mentioned.

Mr. McCoy. From Chicago?

Dr. GRANDFIELD. Yes.

Mr. McCoy. But you say the machines that were repaired in the Washington shop did not hold up well?

Dr. GRANDFIELD. No, they were a source of constant trouble.

Mr. McCoy. Have you any report to that effect, any written report?

Dr. GRANDFIELD. Oh, yes.

Mr. McCoy. Where is it?

Dr. GRANDFIELD. In the files.

Mr. McCoy. What file is it in?

Dr. GRANDFIELD. Well, I can not describe the files accurately.

Mr. McCoy. It is not in this Doremus file. I have gone through this carefully myself.

Dr. GRANDFIELD. The papers, I presume, would be in the office file. This is the Doremus machine file, showing when it was sent to the shop for repairs, when it was sent back, etc.

Mr. McCoy. Is there any Doremus machine in the service in Washington now?

Dr. GRANDFIELD. I think so.

Mr. McCoy. Whereabouts is it?

Dr. GRANDFIELD. I read that yesterday. I haven't the papers here, but it is part of the record. Yes [examining papers], there is one Doremus machine in Washington.

Mr. McCoy. Whereabouts?

Dr. GRANDFIELD. In one of the stations; I don't know which one.

Mr. McCoy. Have you a report on it there?

Dr. GRANDFIELD. No.

Mr. McCoy. Where are the reports received from Chicago that you speak about; in the first place, where is that telegram to Chicago, and where is the reply?

Dr. GRANDFIELD. I think I introduced it in the record at the time it was received.

Mr. McCoy. What exhibit is it?

Dr. GRANDFIELD. If I remember correctly all of the remodeled Doremus machines—that is, those remodeled by the Cummins Co., were assigned to Chicago, but I am not sure that that statement is accurate.

Mr. SLACK. It appears on page 165, Exhibit No. 6.

Mr. McCoy. Exhibit No. 6 is what you refer to, is it [handing copy of hearing to witness]?

Dr. GRANDFIELD. Yes.

Mr. McCoy. How many Doremus machines are there to which this Exhibit 6 applies?

Dr. GRANDFIELD. Ten, I think.

Mr. McCoy. What kind of work is it they do? What I mean is, Is it rapid work, slow work, medium work, or what?

Dr. GRANDFIELD. Well, it is the work usually done by hand-power machines. The work is rapid, but it requires the muscle of an operator.

Mr. McCoy. These are hand-power machines, are they?

Dr. GRANDFIELD. Yes. They are used in the smaller stations, where the amount of mail is comparatively small.

Mr. McCoy. You say that you think the Doremus machines remodeled by the B. F. Cummins Co. are in the Chicago post office or branches only?

Dr. GRANDFIELD. I gather that from the exhibits you have introduced so far. I have no personal knowledge or recollection of it.

Mr. McCoy. Well, I wonder if there is anybody here who does know the facts in that respect?

Mr. BUSHNELL. There are 13 in Chicago and 9 in other post offices.

Mr. McCoy. Are there any reports in the papers from the other offices?

Mr. BUSHNELL. I am not sure.

Mr. McCoy. I wish somebody would please make a memorandum to look that up. They ought to be in this file if there are any.

Mr. BUSHNELL. They would be in the file of the particular post office to which they are assigned.

Mr. McCoy. Well, to put it in another way, they should have been furnished with these papers.

Copy of letter of January 4, 1911, signed by C. P. Grandfield, First Assistant, is Exhibit No. 266:

EXHIBIT No. 266.

JANUARY 4, 1911.

B. F. CUMMINS COMPANY.
Ravenswood Station, Chicago, Illinois.

GENTLEMEN: With reference to your letter of November 26, 1910, relative to a further order for remodeling Doremus canceling machines, you are advised that it has been decided to turn over to you for remodeling in the same manner as was done with the

ten in September last and in accordance with your former proposition of \$75 per machine the ten machines in the Chicago post office which were replaced by the machines already remodeled.

The dies for these machines will be furnished by the department as soon as it is decided to what post offices the machines will be assigned, unless you are willing to furnish these dies at a price not greater than that charged under the department's contract for engraving Doremus dies.

The postmaster at Chicago has been instructed to have these ten machines sent from the different stations where they are now located to your shop in Ravenswood.

Respectfully,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

B-C.

Letter of January 7, 1911, addressed to C. P. Grandfield, First Assistant, and signed by the B. F. Cummins Co., will be Exhibit No. 267:

EXHIBIT No. 267.

THE B. F. CUMMINS CO.,
Chicago, 1-7-11.

HON. C. P. GRANDFIELD,
First Assistant Postmaster General, Washington, D. C.

REMODELING DOREMUS CANCELING MACHINES.

SIR: Your favor of the 4th inst., advising us that the Chicago post office will turn over to us ten additional Doremus machines to be remodeled, is received. We thank you for the order for these machines and will undertake to change them over promptly.

You can, if you like, figure on our having the machines ready for shipment in between two and three weeks after receiving them.

In regard to the dies for these machines, we believe that you can get them made more cheaply than we can make them and would therefore prefer for the present that you furnish them, but will you please bear in mind that the "Flag Line" die or canceling die should be engraved with horizontal lines, not with vertical lines.

In our opinion the use of vertical lines is always bad in a canceling die, because if the letter stops or hesitates or is what you might describe as jostled at the time it reaches the canceling die, the vertical lines will always make a blur, whereas the horizontal lines do not do this.

In addition to that, the remodeled machine, as we believe it, works very much better with the horizontal lines, so that if you will be kind enough to order the canceling die engraved in this way we will be ready to receive them as soon as they can reach us.

We are enclosing herewith an impression showing the full flag line as we want it, which will no doubt be perfectly understood by your contractor for these dies.

Very truly, yours,

THE B. F. CUMMINS COMPANY,
By B. F. CUMMINS.

BFC-EB.

(Stamped:) First Assistant Postmaster General. Received Jan. 9, 1911. Division of Salaries and Allowances.

Copy letter dated January 5, 1911, addressed to the B. F. Cummins Co., and signed by C. P. Grandfield, which will be Exhibit No. 268:

EXHIBIT No. 268.

JANUARY 5, 1911.

THE B. F. CUMMINS COMPANY,
Ravenswood Station, Chicago, Illinois.

GENTLEMEN: In connection with the department's letter of the 4th instant, relative to the remodeling of ten Doremus canceling machines under the terms of your former proposal of \$75 per machine, it is suggested that you now submit a proposal for remodeling fifty or more of these machines.

In the reports received as a result of the test of the ten machines remodeled by you in October last, which are now in service in the Chicago office, one superintendent

calls attention to the jappanned work on the machine and suggests that it scratches very easily, indicating that it was not baked sufficiently. *This criticism is referred to you simply for your information.*

Respectfully,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

B-C.

Mr. BRITT. Mr. McCoy, may I say at this point that Mr. Bushnell brings to my attention a copy of a schedule of the 22 Doremus machines, giving their number and their whereabouts and other facts in regard to them, which I think would be appropriate for the record. There are three copies here [handing papers to Mr. McCoy].

Mr. McCoy. When was this prepared?

Mr. BUSHNELL. In answer to an inquiry that you made during the hearings, but you have never called for it since. It is a complete history of each one of the 22 machines remodeled by the Cummins Co.

Mr. McCoy. You had better put this in at the end. That will be as good a place as any.

Mr. BRITT. Now, while you are on that point—you were making an inquiry yesterday about the formal contract embodying the current agreement for pick-up tables between the department and the B. F. Cummins Co. I have here—which I obtained from the purchasing agent's office this forenoon—a copy of a contract dated October 24, 1912. While I have not gone through it fully I am satisfied that is the one to which you refer, and I also have attached to it a statement prepared by the purchasing agent giving the general rules for the purchase of articles for the service, under section 709 of the Revised Statutes, and I offer each for your examination and for insertion in the record if you wish. [Handing papers to Mr. McCoy.]

Mr. McCoy. Well, I won't put this in at this point.

Mr. BRITT. You made inquiry about that yesterday?

Mr. McCoy. Yes. Copy letter dated January 5, 1911, addressed to the postmaster at Chicago, signed by C. P. Grandfield, First Assistant Postmaster General, which will be Exhibit No. 269:

EXHIBIT No. 269.

JANUARY 5, 1911.

THE POSTMASTER, Chicago, Ill.

SIR: In view of the very favorable reports which you submitted as a result of the test of the ten Doremus canceling machines recently remodeled by the B. F. Cummins Company, the department has decided to have the ten machines now in the stations of your office, which are replaced by the remodeled machines, turned over to the Cummins Company for a similar remodeling. You are therefore authorized to deliver these ten defective machines to that company at their shop in Ravenswood.

As it is assumed that these machines are no longer needed in your office they will be assigned to other post offices when put in serviceable condition. It is suggested, however, that you report to the department when these machines are disposed of, in order to make the records complete.

Respectfully,

C. P. GRANDFIELD,
First Assistant Postmaster General.

B-C.

Letter dated January 7, 1911, addressed to Hon. C. P. Grandfield, signed by the B. F. Cummins Co., which will be Exhibit No. 270:

EXHIBIT No. 270.

THE B. F. CUMMINS CO.,
Chicago, 1-7-11.

Hon. C. P. GRANDFIELD,
First Assistant Postmaster General, Washington, D. C.

REMODELING AND OVERHAULING DOREMUS MACHINES.

SIR: Your favor of the 5th inst. is received.

In answer, we would propose to remodel and overhaul fifty or more of these Doremus machines for the sum of \$75.00 each, f. o. b. Chicago.

We would propose to supply or replace any broken or missing parts which may be necessary to complete the overhauling of these machines and put them in perfect working order; quality and condition, when finished, to be as good or better than the ten machines recently overhauled and placed in service in stations of the Chicago post office.

The work to be done and new parts to be furnished substantially in accordance with previous correspondence and understanding, which we assume it is not necessary for us to repeat here.

We will agree to overhaul these machines at the rate of 15 to 20 per week.

The dies to be furnished by the department, as heretofore.

We note carefully your suggestion in regard to imperfect japanning on some of the machines furnished the Chicago post-office stations, and will promise to look carefully after this item so as to avoid such criticisms in the future.

We would think it a favor if we might hear from you by early mail, giving us such advice as you can about when we may expect to receive some of the machines, if our proposition is acceptable to you.

Very truly, yours,

THE B. F. CUMMINS COMPANY,
By B. F. CUMMINS.

BFC-EB.

(Stamped:) First Assistant Postmaster General. Received Jan. 9, 1911. Division of Salaries and Allowances. First Assistant. Received Jan. 9, 1911. Postmaster General.

Letter dated January 7, 1911, to C. P. Grandfield, First Assistant Postmaster General, from the postmaster at Chicago, which will be Exhibit No. 271:

EXHIBIT No. 271.

In your reply please refer to date, initial, and number.

UNITED STATES POST OFFICE,
EXECUTIVE DIVISION,
Chicago, Ill., January 7, 1911.

CPS-5c-11.

Hon. C. P. GRANDFIELD,
First Assistant Postmaster General,
Division of Salaries and Allowances, Washington, D. C.

SIR: Referring to your letter of the 5th instant, "E. T. B.," authorizing this office to deliver to the B. F. Cummins Company the 10 defective Doremus canceling machines recently replaced by a like number of remodeled machines, you are advised that such delivery will be made in due course. This, however, still leaves two machines charged to this office that have not been remodeled, viz, machine formerly in use on the Wentworth Ave. R. P. O., which was turned over to the Time Marking Machine Co., in accordance with letter from the department dated February 10, 1910, and the machine replaced recently at Ravenswood Station, which has been transferred to Rogers Park Station, as authorized under date of December 30, 1910.

If it is desired that these two machines be replaced by machines that have been remodeled, it is suggested that this office be advised accordingly. Should a remodeled machine be placed in use at Rogers Park Station, a canceling bar of the new pattern should be furnished for such machine instead of the kind heretofore used on the old

Doremus machine. However, if the old machine is put into service in its new location, it is optional whether a new or old pattern die is supplied.

Your further instructions in this matter will be appreciated.

Respectfully,

D. A. CAMPBELL, *Postmaster.*

(Stamped:) First Assistant Postmaster General. Received Jan. 9, 1911. Division of Salaries and Allowances.

Memorandum dated January 12, 1911, to Mr. Bushnell, signed by E. H. Thorp, superintendent and O. K'd by the initials of Mr. Bushnell, which will be Exhibit No. 272:

EXHIBIT No. 272.

In replying, mention initials and date.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
DIVISION OF SALARIES AND ALLOWANCES,
Washington, January 12, 1911.

[Memorandum for Mr. Bushnell.]

DOREMUS CANCELING MACHINES.

With reference to the proposed reassignment of the ten Doremus canceling machines now being remodeled by the Cummins Company, of Chicago, Illinois, it is recommended that when the machines are ready for shipment that they be sent to the following offices: Chicago, Illinois (2); Chillicothe, Missouri; New Richmond, Wisconsin; Brazil, Indiana; Aurora, Nebraska; Redfield, South Dakota; Stoughton, Wisconsin; Peru, Illinois.

[What about these offices; any report?]

Of the above, those at Chillicothe, New Richmond, Brazil, and Aurora are to be assigned to offices included in your memorandum herewith of November 3d, and are to take the place of Doremus machines now in use.

It is found that a combination machine has been ordered to Elwood, Indiana, and a Doremus machine from the shops in Washington to Oswego, Kansas. This covers an assignment of nine machines.

Respectfully,

E. H. THORP,
Superintendent.

BND-FG.

OK.—E. T. B. Jan. 12/1911.

Exhibit No. 273 is a memorandum annexed to No. 272:

EXHIBIT No. 273.

In replying mention initials and date.

[Post Office Department, First Assistant Postmaster General, Division of Salaries and Allowances, Washington.]

Proposed reassignment of remodeled Doremus canceling machines now with B. F. Cummins Company, Chicago, Ill.

	Clerks.	Receipts.
Chicago, Ill., 2.....		
Redfield, S. Dak., 1 F. D.....	4	\$14,416
Stoughton, Wis., 1 F. D.....	2	12,767
Balston Spa, N. Y. (shop), 1 F. D.....	(1)	13,896
Westbrook, Me., 1 F. D.....	4	13,063
Platteville, Wis., 1 F. D.....	4	16,041
Peru, Ill., 1 F. D.....	4	16,146

¹ Balston Spa promised a remodeled Doremus to replace old Doremus worn out.

² No recent applications for Platteville and Peru.

Letter dated January 20, 1911, to C. P. Grandfield, First Assistant, from the B. F. Cummins Co., will be Exhibit No. 274:

EXHIBIT No. 274.

Mr. Bushnell.

THE B. F. CUMMINS Co.,
Chicago, 1-20-11.

Hon. C. P. GRANDFIELD,
First Assistant Postmaster General, Washington, D. C.

SIR: Acknowledging receipt of your favor of Jan. 11th in regard to remodeling fifty or more Doremus canceling machines, at an expense of \$75.00 each f. o. b. Chicago, I note that the department is not prepared to place an order.

We are going ahead, of course, with the ten machines turned over to us, and I will advise you within a few days of when we will be ready to ship them. In the meantime we will no doubt hear from you in regard to the dies.

In regard to the overhauling of fifty or more, I would like to say again, although I am sure that you thoroughly understand it, that the price of \$75.00 each does not contemplate overhauling machines in lots of ten. The general expense is too great.

We did it once, and are doing it a second time, but we very greatly hope that you will see your way to have the work done on all of your old Doremus machines when you do get around to it.

Very truly, yours,

THE B. F. CUMMINS COMPANY,
By B. F. CUMMINS.

BFC-EB.

(Stamped:) First Assistant Postmaster General. Received Jan. 30, 1911. Division of Salaries & Allowances. First Assistant Postmaster General. Received Jan. 23, 1911.

Exhibit No. 274 begins: "Acknowledging receipt of your favor of January 11," but the favor of January 11 is not in the files. Mr. Britt, there is a letter I would like to have somebody make a copy of.

Mr. BRITT. I will see whether we can find it.

Mr. McCoy. You will take Exhibit No. 274, but bring it back this evening if you come, or if you have to keep it until to-morrow, then to-morrow morning.

Letter dated February 1, 1911, to the American Postal Machines Co., signed by rubber stamp, "C. P. Grandfield, First Assistant," and initialed by E. H. Thorpe, which will be Exhibit No. 275:

EXHIBIT No. 275.

[From American Postal Machines Co. file.]

In replying mention initials and date.

C. D.,

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
DIVISION OF SALARIES AND ALLOWANCES,
Washington, February 1, 1911.

THE AMERICAN POSTAL MACHINES COMPANY,
Boston, Massachusetts.

GENTLEMEN: On November 26, 1910, you were informed that the postmaster of Maynard, Massachusetts, had been instructed to ship to you a Doremus canceling machine for examination and report as to what you propose to do in the way of repairing, remodeling, or rebuilding a number of such machines. As nothing has been heard from you in regard to the matter, you are requested to submit your proposal at the earliest practicable date.

[Any since?]

Respectfully,

C. P. GRANDFIELD,
First Assistant Postmaster General.
E. H. S.

JRT.

Copy of letter dated February 2, 1911, addressed to the First Assistant Postmaster General and signed "American Postal Machines Co." Mr. Stoddard, the original of that letter was sent, was it? [Handing copy of letter to Mr. Stoddard.]

Mr. STODDARD. Yes.

Mr. McCoy. This will be Exhibit No. 276:

EXHIBIT No. 276.

T. G. S.

FEBRUARY 2, 1911.

HON. FIRST ASSISTANT POSTMASTER GENERAL,

Division of Salaries and Allowances, Washington, D. C.

SIR: Referring to yours of November 26th, 1910 (CS), we have to inform you that the Doremus canceling machine from *Maynard, Mass.*, was received by us on *January 16th*, under Government bill of lading.

We have prepared some plans for remodeling this machine, but they are not sufficiently advanced at the present time to report fully thereon.

Very respectfully,

AMS.

THE AMERICAN POSTAL MACHINES CO.

Copy letter dated February 2, 1911, addressed to the First Assistant Postmaster General, signed by the American Postal Machines Co., which will be Exhibit 277. That was also sent, was it, Mr. Stoddard? [Handing copy of letter to Mr. Stoddard.]

Mr. STODDARD. Yes.

EXHIBIT No. 277.

T. G. S.

FEBRUARY 2, 1911.

HON. FIRST ASSISTANT POSTMASTER GENERAL,

Division of Salaries and Allowances, Washington, D. C.

SIR: Yours of the 1st inst. is at hand, relative to letter of November 26th, 1910 (CS), informing us that the postmaster at *Maynard, Mass.*, had been instructed to ship a Doremus canceling machine to us for examination and report.

As stated in our previous letter of this date the machine was not received by us until *January 16th*. Since the receipt of the machine we have proceeded with the matter and expect to be able to report in a short time.

Very respectfully,

AMS.

THE AMERICAN POSTAL MACHINES CO.

Copy, letter dated February 15, 1911, to the First Assistant Postmaster General, signed by the American Postal Machines Co., which will be Exhibit No. 278. That was sent, was it, Mr. Stoddard? [Handing letter to Mr. Stoddard.]

Mr. STODDARD. Yes. That was dictated by me. I would amend that by saying under instruction from counsel.

EXHIBIT No. 278.

T. G. S.

FEBRUARY 15, 1911.

HON. FIRST ASSISTANT POSTMASTER GENERAL,

Division of Salaries and Allowances, Washington, D. C.

SIR: Early last month we received information that several patents were about to issue covering the Doremus canceling machine, and that these patents would include some of the devices used in our hand-power machines, of which we have built about five hundred. Up to the time this information reached us we believed that we were fully protected by patents that were already our property. Desiring to protect ourselves, the matter was referred to our counsel, Messrs. Fish, Richardson, Herrick & Neave, of Boston, Mass., who, after a careful examination, advised us that in several respects our hand-power machines infringed the Doremus machines and patents referred to.

We were also advised by our counsel that, in their opinion, it would be wise for us to gain control of the Doremus patents and interest in canceling machines, thus avoiding an expensive lawsuit, with all its annoyances both to ourselves and the users

of our machines. Acting upon this advice, we have acquired all patents issued to or applied for by Doremus which, we are advised, fully cover the so-called Doremus machines, together with valuable improvements. With these patents we also come into possession of all the canceling machines, parts thereof, and tools for the manufacture of the same belonging to the Doremus Canceling Machine Company.

Under these circumstances we are in position to fill all orders that may be sent us for repairs or parts of these machines and can assure you that all such orders will be promptly attended to.

Very respectfully,
AMS.

THE AMERICAN POSTAL MACHINES CO.

Mr. McCoy. Letter dated March 6, 1911, addressed to C. P. Grandfield, First Assistant Postmaster General, signed by B. F. Cummins, with two papers annexed, one of them being addressed to B. F. Cummins, signed "F. B. Olds," and the other being a memorandum entitled, "Doremus canceling machines before and after being remodeled by the B. F. Cummins Co." and signed "B. F. Cummins." That will be Exhibit No. 279:

EXHIBIT No. 279.

THE B. F. CUMMINS CO.,
Chicago, 3-6-11.

Hon. C. P. GRANDFIELD,
First Assistant Postmaster General, Washington, D. C.

SIR: As it would seem to me, my proposition in regard to the remodeled "Doremus" canceling machines has been misunderstood, or only partly understood.

I am not sure that this is the case, but the department apparently understands this work to be a repair job, and, because of this, I am afraid that you have thought that my price for doing the work has been exorbitant.

I fully understand that this subject is not of the greatest importance to your department, but it is of the greatest importance to me that everything and anything that I say to the department shall be understood to be fair and square.

It looked to me, from where I stood, as if I could make a little money out of it and at the same time render a great service to the department, and I still believe that my understanding of the matter in this respect was right.

It was my understanding that the original Doremus machine lacked a good deal of being a perfect, or even a good, canceling machine to start with (this position is of course open to argument).

The work which I proposed to do was not only to repair the old machine, but to add the parts which I thought necessary to make it a first-class canceling machine, and the charge for this would have been almost the same for a new Doremus machine as for an old one.

I never expected that the actual repairs would be very expensive, and certainly I never would have thought of naming such a price as \$75.00 for the repair part only. The new parts which have been added required invention, and this invention was and is, in my opinion, worth considerably more than the cost of repairs only.

I want to say to you that up to this time the job has been unprofitable to me, and while I do not often undertake to prove what I say in such respects, in order that you may be sure of it in this case, I am enclosing our bookkeeper's statement showing what we have paid out and what we have taken in on this work up to date. We are losers to the extent of \$262.74, but I am not complaining of that. What I have done I have done with my eyes open, and if I had lost ten times that amount it would not have been anything to you.

The last ten machines which were sent in to us were in a particularly dilapidated condition—much worse than my estimate of the average condition of the machines—but that, too, was in the bargain.

I would like very much to go on with the work. I have before me your letter of February 1st, explaining the condition of the appropriation covering this work. I am enclosing a statement which again shows, as well as I know how to show it, the changes which have been made in the machine.

It would not make a particle of difference to me if you go on with the work whether it shall be done before or after July 1st. If you decide to go on with it, I would be willing to do the work now and send in the bill after July 1st, but, in any case, if I am in the right about it, and if it is desirable for the department to go on with it, I would like to have the machines in as large quantities as possible to work on at one time. It does make a big difference in cost to work at a few machines.

If you can and will advise me in the near future as to your ultimate conclusion, I will very greatly appreciate it. I do not want to be oversolicitous, but do want you to believe that I think it would be a good thing for the department to do.

Nearly all the postmasters to whom the machines are sent have expressed themselves as being much pleased with the remodeled machines, and from the samples of the work which they send us they seem to be all right.

Very truly, yours,

B. F. CUMMINS.

BFC-EB.

(Stamped:) First Assistant Postmaster General. Received Mar. 9, 1911.

THE B. F. CUMMINS CO.,
Chicago, 3-1-11.

Mr. B. F. CUMMINS:

Our books show that we have spent for remodeling and repairing Doremus canceling machines.....	\$1, 837. 74
We have received for remodeling and repairing Doremus machines:	
10 machines, at \$75.....	\$750. 00
11 machines, at \$75.....	825. 00
	<hr/> 1, 575. 00
Balance.....	262. 74

F. B. OLDS, Cashier.

THE DOREMUS CANCELING MACHINE, BEFORE AND AFTER BEING REMODELED BY
THE B. F. CUMMINS Co.

IMPRESSION ROLLER.

The old machine had a rigid metal impression roller and in order to obtain a good impression with it the type, die, bearings, etc., had to be in perfect condition and adjustment. Owing to the rigidity of construction the impression roller would soon work loose and play back and forth. This caused it to come in contact with the type.

Result: Ink on back of letters.

Remedy: Adjust impression roller farther away.

Result: Poorer impression on letters each time space was increased, until it was a choice between no postmark or a poor postmark with backinking and battered type and die.

Under the conditions the only remedy possible was new type, die, and impression roller, the cost of which was considerable.

The remodeled machine has a letter-controlled rubber impression roller, which insures a good impression on all kinds of mail at all times. It lengthens the life of the type and die indefinitely.

The only renewals necessary are the rubber covering on impression roller occasionally, and, at very great intervals, a small spring.

SEPARATOR.

The thin rubber separator on the old machine would not separate. The operator could obtain a fair separation *by using the tips of his fingers*, but this necessitated a skillful and experienced operator. These rubbers would have to be replaced very frequently, as they would soon become dry and crack.

With the steel separator on the remodeled machine good separation can be obtained even with an inexperienced operator. As it is made of steel, it will last a long time, and when worn can be reversed and the other end used.

STACKER STOP.

Owing to the shape of the stacker stop on the old machine, long letters would slide off onto the floor. Results were very unsatisfactory, even on short mail, as the vibration of the machine would cause the stop to work open.

The stacker stop on the remodeled machine is adjusted for all lengths of mail and will remain in any position in which it is set.

ADDITIONAL BEARING ON DIE SHAFT.

The die shaft on the old machine had a single bearing and this bearing was so constructed and located that it was impossible to keep the die shaft from wobbling. For this reason, the printing head, when revolving, actually occupied a space considerably greater than its own diameter and made it impossible to adjust it close enough to the impression roller without battering the type and die.

The remodeled machine has an additional bearing on the die shaft and absolutely eliminates this trouble, and, in connection with the new impression roller, the steel separator, and the adjustable stacker stop converts what was considered as so much "junk" into one of the best and most durable hand-power machines in use to-day.

B. F. CUMMINS.

Annexed to Exhibit No. 279, as it came to the committee, was a memorandum dated April 1, 1911, addressed to Mr. Thorpe and initialed by E. T. Bushnell, which will be Exhibit No. 280:

EXHIBIT No. 280.

[Memorandum.]

OFFICE OF FIRST ASSISTANT POSTMASTER GENERAL,

April 1, 1911.

Mr. THORP:

This matter was discussed with Mr. Cummins on the occasion of his call at the department last week. He understands the matter, so that it is not now necessary to make any formal reply to this letter.

B-C.

E. T. B.

Mr. Davis.

(Stamped:) Division of Salaries and Allowances. Received Apr. 1, 1911. Superintendent.

Exhibit No. 279 is marked in ink "Mr. Bushnell" and double-crossed. Is that your notation, Dr. Grandfield?

Dr. GRANDFIELD. Yes.

Mr. McCoy. That means it went to Mr. Bushnell?

Dr. GRANDFIELD. Yes.

Mr. McCoy. I notice that Exhibit 279 bears the stamp, "First Assistant Postmaster General, received March 9, 1911." Do you know when that was referred to Mr. Bushnell?

Dr. GRANDFIELD (examining papers). No; I do not.

Mr. McCoy. I show you, Mr. Bushnell, Exhibit No. 279. Can you tell when that came into your possession, if it did?

Mr. BUSHNELL (examining papers). No, sir; I can not. It does not bear my stamp.

Mr. McCoy. Is there anything in Exhibit No. 280 that would indicate when it did.

Mr. BUSHNELL. No; not when it came into my possession.

Mr. McCoy. What does Exhibit No. 280 indicate?

Mr. BUSHNELL. That I simply passed it along to Mr. Thorp, the Superintendent of Salaries and Allowances.

Mr. McCoy. It indicates, doesn't it, that no action was to be taken on it?

Mr. BUSHNELL. I did not even read my memorandum. [Mr. McCoy hands papers back to Mr. Bushnell.] Yes.

Mr. McCoy. Was any reply ever sent to Exhibit No. 279, any written reply?

Mr. BUSHNELL. I could not say.

Mr. McCoy. Exhibit No. 280 reads:

This matter was discussed with Mr. Cummins on the occasion of his call at the department last week. He understands the matter, so that it is not now necessary to make any formal reply to this letter.

Mr. BUSHNELL. There was no reply made.

Mr. McCoy. Who discussed the matter with Mr. Cummins?

Mr. BUSHNELL. I presume I did, if I say so.

Mr. McCoy. You don't say so, Mr. Bushnell. Don't be so shy of the question. I asked who it was that discussed it with him.

Mr. BUSHNELL. I presume I did.

Mr. McCoy. Do you remember the discussion?

Mr. BUSHNELL. I do not remember it now; no, sir. I do not even know what the letter is about.

Mr. McCoy. Suppose you look at the letter [handing letter to Mr. Bushnell]. You have examined Exhibit No. 279, have you, now?

Mr. BUSHNELL. Yes.

Mr. McCoy. What discussion did you have with Mr. Cummins in regard to it?

Mr. BUSHNELL. I do not recall at this date. I have an idea that I discussed that matter with Mr. Cummins, but just the nature of the conversation I could not possibly recall now.

Mr. McCoy. Your memorandum reads, "He understands the matter." You have read 279; what is it that he understands?

Mr. BUSHNELL. I think the conversation was that—or the effect of it—was that we were unable to make any more repairs to these machines, because, as I recall, our appropriation at that time was about exhausted.

Mr. McCoy. April 1, 1911?

Mr. BUSHNELL. Yes.

Mr. McCoy. Now, just about what was that condition of the appropriation at that time?

Mr. BUSHNELL. Our annual rate of expenditure was running pretty high.

Mr. McCoy. What makes you recall that at this time? What makes you so clear in your recollection about the appropriation when you can not remember anything else about that letter?

Mr. BRITT. He is just answering in a general way, Mr. McCoy, not specifically.

Mr. BUSHNELL. I remember that was one of the reasons that we did not have any more of these machines remodeled. That was the principal reason.

Mr. McCoy. Isn't it the custom in the department when you have a conversation about an important matter, or any matter affecting departmental business, to make a memorandum of the conversation, so that anyone looking at the file can tell later on what it was that was talked about?

Mr. BUSHNELL. I do not think it is the general practice.

Mr. McCoy. Isn't it very frequently done?

Mr. BUSHNELL. It is done in a great many instances, surely, but I would not say it was the general practice.

Mr. McCoy. Now, isn't it a fact that about this time the whole matter of remodeling Doremus machines was dropped?

Mr. BUSHNELL. I think that is true; yes.

Mr. McCoy. And wasn't it coincident with the fact that the American Co. had put in a bid of \$30 for doing this work—pretty nearly coincident with it?

Mr. BUSHNELL. I don't think that had anything to do with the matter.

Mr. McCoy. In time it was pretty near coincident, wasn't it?

Mr. BUSHNELL. I do not recall when they put in their bid.

Mr. McCoy. In other words, you have forgotten pretty nearly all about this matter, have you?

Mr. BUSHNELL. Oh, no.

Mr. McCoy. What do you remember about it?

Mr. BUSHNELL. I do not remember the dates.

Mr. McCoy. I did not ask you to remember the dates.

Mr. BRITT. You asked him if they were not coincident. That would suggest a date.

Mr. McCoy. I am asking whether the dropping of the question of repairing these machines was not about coincident with the time that the American Postal Machines Co. put in a bid of \$30 to do the work. Now, that does not call upon him to recall any dates at all, but simply to recall the circumstances.

Mr. BUSHNELL. I do not recall the connection that the American Co. had with the matter, except that they were written to for a bid.

Mr. McCoy. You do not even remember that they made one?

Mr. BUSHNELL. I presume that they submitted a bid about that time.

Mr. McCoy. But you have no recollection of that fact?

Mr. BUSHNELL. Oh, no; I have no recollection of the exact figures that they submitted.

Mr. McCoy. Have you any recollection of whether they submitted a bid or not?

Mr. BUSHNELL. I think I saw one just a few days ago, a letter from them submitting a bid, a copy of which I am having made in answer to your request to the Postmaster General a few days ago. Those letters will be up here probably to-morrow in answer to your request.

Mr. McCoy. What do you remember about the work of the B. F. Cummins Co. in connection with this matter? Do you remember how many machines they repaired or remodeled?

Mr. BUSHNELL. Yes; 22.

Mr. McCoy. Is that a matter of independent recollection, or of recent refreshing of your recollection?

Mr. BUSHNELL. Simply in making up this schedule which Mr. Britt handed you a few minutes ago.

Mr. McCoy. Aside from that you have no recollection of it?

Mr. BUSHNELL. I have a recollection that they remodeled the machines, but I did not know how many until my clerk made that up recently. I did not recall the exact number.

Mr. McCoy. We have correspondence here running some time back from January 25, 1910, covering all that period up to March, 1911, the correspondence showing that you had considerable to do with the matter.

Mr. BUSHNELL. Largely as a matter of routine.

Mr. McCoy. Was it a matter of routine for Mr. Slack to confer with you in regard to Exhibit No. 250?

Mr. BUSHNELL. I have no recollection of Mr. Slack conferring with me. I presume he did. He conferred with me frequently about that time.

Mr. McCoy. But you have no recollection of his calling your attention to the fact that it might be well to get some competition on these repairs?

Mr. BUSHNELL. I haven't the slightest recollection of his making any such remark.

Mr. McCoy. You haven't any recollection of Exhibit 250, of the original having been submitted to you?

Mr. BUSHNELL. Not that I ever saw it; no, sir. I do not say that I never did see it, of course, but I have no recollection of it at present. Mr. Slack conferred with me frequently at that time upon these matters, but as to this specific incident I could not possibly recall it now.

Mr. McCoy. Copy letter dated March 8, 1911, to the B. F. Cummins Co., signed "E. T. Bushnell, chief clerk," which will be Exhibit No. 281:

EXHIBIT No. 281.

MARCH 8, 1911.

Mr. B. F. CUMMINS,
Ravenswood Station, Chicago, Illinois.

My DEAR SIR: I am in receipt of your communication of the 4th instant, relative to the defective work which has apparently been done by our contractor in the matter of engraving canceling bars. I think you are quite right that some of this work ought to be rejected. The trouble, however, is that we order these dies delivered to the postmasters, and unless they report that they are defective we have no means of knowing it. I have at least had the matter called to the attention of the contractor by a very stiff letter. I do not think there is any excuse for falling down so badly on such a small piece of work.

Yours, very truly,

(Signed) E. T. BUSHNELL,
Chief Clerk.

B-C.
Misc. file.

Letter March 6, 1911, addressed to C. P. Grandfield, First Assistant, signed by The B. F. Cummins Co., which will be Exhibit No. 282:

EXHIBIT No. 282.

C.
THE B. F. CUMMINS CO.,
Chicago, 3-6-11.

Hon. C. P. GRANDFIELD,
First Assistant Postmaster General, Washington, D. C.

SIR: Your favor of March 3rd in regard to invoices covering the last eleven (11) Doremus canceling machines remodeled by us is received.

In answer we are enclosing, herewith, receipted bills in triplicate, as follows:

- 1 bill covering three machines, Chicago, Ills.
- 1 bill covering one machine, New Richmond, Wisc.
- 1 bill covering one machine, Chillicothe, Mo.
- 1 bill covering one machine, Stoughton, Wisc.
- 1 bill covering one machine, Aurora, Nebr.
- 1 bill covering one machine, Brazil, Ind.
- 1 bill covering one machine, Eveleth, Minn.
- 1 bill covering one machine, Redfield, So. Dak.
- 1 bill covering one machine, Peru, Ill.

We hope that you will find these all in satisfactory shape. If not, please advise us.
Very truly, yours,

THE B. F. CUMMINS COMPANY,
By B. F. CUMMINS.

BFC-EB.

(Stamped.) First Assistant Postmaster General. Received Mar. 8, 1911. Division of Salaries & Allowances. First Assistant. Received Mar. 8, 1911. Postmaster General.

Copy letter dated March 10, 1911, addressed to The B. F. Cummins Co., not signed by anybody, and bearing the words at the end "First Assistant Postmaster General," which will be Exhibit 283:

EXHIBIT No. 283.

MARCH 10, 1911.

THE B. F. CUMMINS COMPANY,
Chicago, Illinois.

GENTLEMEN: Your letter of the 6th instant enclosing receipted bills, in duplicate, covering eleven remodeled Doremus canceling machines has been received, and you are advised, in reply, that the invoices have to-day been forwarded to the postmasters where these machines have been assigned for payment. In the event any unusual delay should occur at any of the offices in the settlement of the bills, please advise the department.

Respectfully,

First Assistant Postmaster General.

D.

Letter dated March 11, 1911, addressed to C. P. Grandfield, signed by the B. F. Cummins Co., together with a list therein referred to, which will be marked "Exhibit 284":

EXHIBIT No. 284.

Mr. Davis.

THE B. F. CUMMINS CO.,
Chicago, 3-11-11.

HON. C. P. GRANDFIELD,
First Assistant Postmaster General, Washington, D. C.

SIR: Further answering your favor of March 2nd, we are enclosing herewith a list of parts for remodeled "Doremus" canceling machine, which may from time to time need replacing, with prices.

This is a business, or a part of the business, which I had not considered, and in regard to which I would be very glad to have your views and wishes.

The cost of most of the parts is very small, and, as the matter now stands, it would not pay us to keep them in stock and ship them out one item at a time. Our general expenses, postage, etc., would eat us up, but having started in with the business, we will not draw back and will make any arrangement in regard to it that will be satisfactory to you.

We have not had enough experience with the machines at work to enable us to tell what the probability will be in regard to the amount of supplies required. For the present we will be ready to fill orders as per list, and, when you can, please instruct us as to the ultimate plan which you will wish to follow.

Very truly, yours,

THE B. F. CUMMINS COMPANY,
By B. F. CUMMINS.

BFC-EB.

(Stamped:) First Assistant Postmaster General. Received Mar. 13, 1911.

Name of part.	List price.
Rubber sleeve for impression roller.....	\$0.27
Trip finger.....	.45
Trip finger, screws.....	.06
Trip finger, spring.....	.15
Time stop.....	.30
Separator plates (steel).....	.30
Separator spring.....	.06
Separator screws.....	1.66
Separator bracket.....	.30
Rolls for shoe.....	.15
Pins for shoe.....	.06
Spring for shoe.....	.06
Inker adjustment arm.....	.30
Inker adjustment arm, spring.....	.06

¹ Gross.

For remodeled Doremus canceling machines.

Mr. BRITT. Is the list referred to attached to the letter?

Mr. McCoy. Yes. Letter dated March 13, 1911, addressed to C. P. Grandfield, First Assistant Postmaster General, signed "B. F. Cummins Co.," which will be Exhibit No. 285:

EXHIBIT No. 285.

THE B. F. CUMMINS CO.,
Chicago, 3-13-11.

Hon. C. P. GRANDFIELD,
First Assistant Postmaster General, Washington, D. C.

SIR: Your favor of the 10th inst., advising us of the sending out of the bills covering the 11 remodeled "Doremus" canceling machines, received.

We are very much obliged to you for your prompt courtesy in this matter. We have no doubt but that the money will come in promptly.

Very truly, yours,

THE B. F. CUMMINS COMPANY,
By B. F. CUMMINS.

BFC—EB.

(Stamped:) First Assistant Postmaster General. Received Mar. 15, 1911. Division of Salaries & Allowances.

(Stamped:) First Assistant Postmaster General. Received Mar. 15, 1911.

This Exhibit 285 refers to a letter of the 10th instant, being the 10th of March, 1911. That letter we have been unable to find—no, here it is, in another file.

Copy letter dated March 17, 1911, to the B. F. Cummins Co., signed by C. P. Grandfield, First Assistant Postmaster General, which will be marked "Exhibit 286":

EXHIBIT No. 286.

MARCH 17, 1911.

THE B. F. CUMMINS COMPANY,
Chicago, Illinois.

GENTLEMEN: In reply to your letter of the 11th instant, with which you forwarded a list of the new parts which will have to be supplied for the remodeled Doremus canceling machines, I beg to advise you that owing to the limited number of machines which have been repaired by you it is probable that very few requests will be received from postmasters for these parts. The postmasters have, of course, been requested to make requisition on the department whenever any portion of the canceling machine needs renewal, and it would seem that no great delay will be occasioned by having the requests come to this office and then sent to you for direct shipment to the postmasters. The usual allowance can be granted to the postmaster from the price list which you furnished.

Respectfully,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

BND—JRT.

Letter dated March 18, 1911, to the American Postal Machines Co., Boston, Mass., signed by rubber stamp, "C. P. Grandfield," and initialed by "C. F. T.," Charles F. Trotter, which will be Exhibit No. 287:

EXHIBIT No. 287.

POST OFFICE DEPARTMENT,
DIVISION OF SALARIES AND ALLOWANCES,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, March 18 1911.

In replying mention initials and date.

C. D.

THE AMERICAN POSTAL MACHINES COMPANY,
Boston, Massachusetts.

GENTLEMEN: With reference to your letter of the 15th ultimo, submitting an offer to furnish fifty or less of your No. 2 hand-power canceling machines, at \$175 each, and to deduct from this amount \$50 for each Doremus canceling machine delivered to your

factory in Boston, you are advised that, as explained to your Mr. Stoddard, the department is not in a position to accept this offer for exchange of machines, as the sale of the Doremus machine would have to be accounted for to the auditor in a manner which would not result in any saving in the appropriation for the purchase and rental of canceling machines.

The department desires, however, that you submit as early as practicable an offer to place approximately fifty of the Doremus machines in repair and serviceable condition, your company to furnish the new parts required, except dies and canceling bars, the machines to be ready for delivery on or about July 1, 1911.

Respectfully,

C. P. GRANDFIELD,
First Assistant Postmaster General.

C. F. T.

D.

Copy of letter dated March 28, 1911, to the First Assistant Postmaster General from the American Postal Machines Co., which will be Exhibit No. 288. Mr. Stoddard, the original of that was sent to the department, was it not [handing letter to Mr. Stoddard]?

Mr. STODDARD. Yes.

EXHIBIT No. 288.

T. G. S.

MARCH 25, 1911.

HON. FIRST ASSISTANT POSTMASTER GENERAL,
Division of Salaries and Allowances, Washington, D. C.

SIR: Referring to your letter of the 18th instant (CD), relative to repairing Doremus canceling machines, we will undertake to put fifty of these machines in good repair, replacing all worn or broken parts where necessary, and will deliver the machines, f. o. b. Boston, in good serviceable condition, for \$30 each. This will include renickeling and japanning wherever necessary.

Very respectfully,

THE AMERICAN POSTAL MACHINES CO.

AMS.

Mr. McCoy. Letter dated March 28, 1911, to the American Postal Machines Co., signed by rubber stamp, "C. P. Grandfield, First Assistant Postmaster General," and initialed "E. H. T.," for E. H. Thorp, which will be Exhibit No. 289:

EXHIBIT No. 289.

Division of Salaries and Allowances.

In replying mention initials and date.
C. D.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, March 28, 1911.

The AMERICAN POSTAL MACHINES CO.,
Boston, Massachusetts.

GENTLEMEN: The receipt is acknowledged of your letter of the 25th instant, in regard to making repairs to the Doremus canceling machines. Your offer to place fifty of the machines in good order at the rate of \$30 each will receive attention when the matter of having these machines repaired is taken up for final action.

Respectfully,

C. P. GRANDFIELD,
First Assistant Postmaster General.
E. H. P.

BND-JRT.

Letter dated April 14, 1911, to the American Postal Machines Co., Boston, Mass., signed with rubber stamp "C. P. Grandfield, First Assistant Postmaster General," and initialed by E. T. Bushnell, which will be Exhibit No. 290:

EXHIBIT 290.

Division of Salaries and Allowances.

In replying mention initials and date.
C. D.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, April 14, 1911.

The AMERICAN POSTAL MACHINES COMPANY,
Boston, Massachusetts.

GENTLEMEN: The receipt is acknowledged of your letter of the 10th instant with respect to previous correspondence in regard to the remodeling of the Doremus canceling machines which have been in use in post offices for a considerable period. Your statement that you will agree to make extensive repairs and to replace new parts of the machines at \$50 each, in lots of twenty-five, is noted. The department is unable now to give consideration to the matter, as the balance of the appropriation for the purchase and rental of canceling machines for the current fiscal year is practically depleted.

It is suggested, however, that possibly your company desires to make the alterations contemplated on the machine shipped from Maynard, Massachusetts; if so, the department would be pleased to have a test made of the machine when completed and it would forward a bill of lading for its shipment to this city. If you will notify this office when the machine is ready, shipping directions will be forwarded.

Respectfully,

C. P. GRANDFIELD,
First Assistant Postmaster General.
E. T. B.

D.

Copy of letter to the First Assistant Postmaster General from the American Postal Machines Co., which will be Exhibit No. 291. Mr. Stoddard, was the original of that sent [handing letter to Mr. Stoddard]?
Mr. STODDARD. Yes.

EXHIBIT No. 291.

APRIL 26, 1911.

T. G. S.

HON. FIRST ASSISTANT POSTMASTER GENERAL,
Washington, D. C., Division of Salaries and Allowances.

SIR: Referring to yours of the 14th inst. (CD), we beg leave to say that we are willing to fit up the Doremus machine, placing upon it such new parts and making such changes as have been contemplated by us, providing you will furnish one shoe complete, being parts 56 to 62, inclusive, one detent, one feed-wheel band, and one separator and clip. The feed-wheel band and separator are of rubber. We could, of course, make these parts up new, but it would involve considerable extra expense.

Very respectfully,

THE AMERICAN POSTAL MACHINES CO.

AMSS.

Letter dated September 7, 1911, addressed to Hon. E. T. Bushnell, signed by B. F. Cummins, will be Exhibit No. 292:

EXHIBIT No. 292.

C.

THE B. F. CUMMINS CO.,
Ravenswood Station, Chicago, Ill., September 7, 1911.

Canceling machines.

Pick-up tables.

Automatic distributing cases.

Post office labor-saving devices.

HON. E. T. BUSHNELL,

Acting First Assistant Postmaster General, Washington, D. C.

DEAR MR. BUSHNELL: Yours of the 5th in regard to the remodeling of "Doremus" canceling machines is received.

While I am disappointed that the matter has not yet reached the place where you can finally decide it, I can very well understand the many perplexing problems you have to meet.

I will be very glad to hear from you on the subject when the time comes.

Very truly, yours,

B. F. CUMMINS.

BFC-EB.

(Stamped:) First Assistant Postmaster General. Received Sep. 9, 1911.

Mr. Bushnell, will you look at Exhibit No. 292 and see if you know where your letter of November 5 referred to in that exhibit is, or the copy of it?

Mr. BUSHNELL. No, sir; I can not say where it is, if it is not in the file.

Mr. McCoy. It was not in the file that was furnished the committee, and that is another letter I should like to get. [Mr. Bushnell takes Exhibit No. 292.]

Paper entitled "Doremus canceling machines remodeled by the B. F. Cummins Co." will be Exhibit No. 292. This exhibit is produced by Mr. Bushnell in compliance with request of the committee.

Dr. GRANDFIELD. This original, Mr. McCoy, bears the initials of the clerk that prepared it.

Mr. McCoy. The exhibit is initialed by F. P. H., for Heartsill, and by J. B. C., for Cady, who are respectively whom?

Dr. GRANDFIELD. Mr. Heartsill is at present the bookkeeper, and Mr. Cady is Mr. Bushnell's secretary.

Mr. McCoy. Mr. Heartsill, take Exhibit No. 293, please [handing paper to Mr. Heartsill]. Look at machine No. 481 on the second page. The exhibit says, "Machine still in perfect order, so far as the records of the department show." What do you mean by that?

Mr. HEARTSILL. Mr. McCoy, the information given in this memorandum was taken from a card record that was prepared in the first instance by Mr. Bushnell's secretary. The information subsequent to the preparation of the card was also obtained by Mr. Bushnell's secretary, and the comparison made here, which was initialed by myself, refers to the correctness of the comparison between the card record and this memorandum.

Mr. McCoy. Was there a card there which said, "Machines still in perfect order so far as the records of the department show?"

Mr. HEARTSILL. The card record either says so or the case which Mr. Cady had recently examined showed it. Either one of the two cases.

Mr. McCoy. Is it meant by that that the showing was negative; that the records of the department did not show that it was not in perfect order, or does the card contain the memorandum that the machine is still in perfect order? Which is it?

Mr. HEARTSILL. From the information here, as I take it, the postmaster reported, soon after the machine was sent to his office, that the machine was in perfect order, and since then there probably has been no report from the postmaster, showing that the same condition of affairs probably exists.

Mr. McCoy. Now, Mr. Bushnell, have you a carbon copy in your hands of Exhibit No. 293?

Mr. BUSHNELL. Yes.

EXHIBIT No. 293.

DOREMUS CANCELING MACHINES REMODELED BY THE TIME MARKING MACHINE COMPANY.

Machine No. 321. Purchased under contract of May 3, 1901, at \$225, originally assigned to Dansville, N. Y., post office; remodeled by Time Marking Company Sept. 9, 1910, at a cost of \$75 and reassigned to Chicago post office (Grand Crossing Station).

- Machine No. 327.** Purchased under contract of May 3, 1901, at \$225; originally assigned to New York office (Tremont Station); remodeled Sept. 9, 1910, by Time Marking Company at a cost of \$75 and reassigned to Chicago post office (West Pullman Station).
- Machine No. 368.** Machine No. 10, purchased under contract of Dec. 14, 1899, at \$150, exchanged for later model No. 368 upon payment of \$75 additional and new machine assigned to Marlboro, Mass. Machine No. 368 remodeled by Time Marking Co. Sept. 9, 1910, and reassigned to Chicago, Ill., post office (Garfield Park Sta.); cost, \$75.
- Machine No. 411.** Machine No. 209, purchased under contract of June 28, 1899, at \$150, exchanged for later model No. 411 for \$75 additional; assigned to Braddock, Pa.; remodeled by Time Marking Co. at cost of \$75 Sept. 9, 1910, and reassigned to Chicago, Ill., post office (McKinley Park Station).
- Machine No. 504.** Machine No. 246, purchased under contract of June 30, 1900, at \$150, exchanged for later model No. 504 upon payment of \$75 additional and new machine assigned to Boise, Idaho; remodeled by Time Marking Co. Sept. 9, 1910, at cost of \$75 and reassigned to Chicago post office (Auburn Park Station).
- Machine No. 525.** Purchased under contract of May 6, 1902, at \$225; originally assigned to Conshohocken, Pa., post office; remodeled Sept. 9, 1910, and reassigned to Chicago post office (Irving Park Sta.); cost of remodeling, \$75.
- Machine No. 529.** Purchased under contract of May 6, 1902, at \$225; originally assigned to Exeter, N. H., post office; remodeled Sept. 9, 1910, and reassigned to Chicago post office (Douglas Park Sta.); cost remodeling, \$75.
- Machine No. 549.** Purchased under contract of May 6, 1902, at \$225; originally assigned to Rochester, Minn., post office December 10, 1902; remodeled by Time Marking Co. Sept. 9, 1910, at cost of \$75 and reassigned to Chicago office (Austin Station).
- Machine No. 645.** Purchased under contract of May 6, 1902, at \$225; originally assigned to San Angelo, Tex., May 21, 1903; remodeled by Time Marking Co. Sept. 9, 1910, at cost of \$75, and reassigned to Chicago post office (Pullman Station).
- Machine No. 584.** Purchased under contract of May 6, 1902, at \$225; originally assigned to Chicago post office (Wentworth Avenue Station) February 13, 1903; remodeled by Time Marking Co. Sept. 9, 1910, at cost of \$75 and reassigned to Chicago post office (general delivery). Under date of Nov. 2, 1910, the postmaster of Chicago reported that this remodeled machine was far superior to the old-style Doremus.
- Machine No. 545.** Purchased under contract of May 6, 1902, at \$225; originally assigned to Newton, Iowa; remodeled by Time Marking Co. January 27, 1911, at cost of \$75, and reassigned to Chicago, Illinois, post office (Rogers Park Station).
- Machine No. 487.** Purchased under contract of May 3, 1901, at \$225; originally assigned to Chicago post office (Wicker Park Station) May 22, 1902; remodeled by Time Marking Co. February 18, 1911, and reassigned to Chicago office (Cottage Grove Ave. mail car); cost of \$75; reassigned Jan. 19, 1912, to 51st Street Station of that post office.
- Machine No. 489.** Purchased under contract of May 3, 1901, at \$225; originally assigned to Chicago post office (Garfield Park Station); remodeled by Time Marking Co. at cost of \$75 February 18, 1911, and reassigned to Chicago office (Cottage Grove Ave. mail car); reassigned Jan. 19, 1912, to Ogden Park Station of Chicago office.
- Machine No. 481.** Purchased under contract of May 3, 1901, at \$225; originally assigned to Chicago post office (West Pullman Station) on May 20, 1902; remodeled by Time Marking Company January 27, 1911, at cost of \$75 and reassigned to Chillicothe, Mo. Machine still in perfect order so far as records of dept. show.
- Machine No. 483.** Purchased under contract of May 3, 1901, at \$225; originally assigned to Chicago post office (Brighton Park Station); remodeled Jan. 27, 1911, by Time Marking Co. at cost of \$75, and reassigned to post office at Redfield, S. D. Under date of Mar. 2, 1911, and Apr. 13, 1911; postmaster reports this machine as doing very good work, and as a great saver of time.
- Machine No. 484.** Purchased under contract of May 3, 1901, at \$225; originally assigned to Chicago post office (station Auburn Park); remodeled Jan. 27, 1911, by Time Marking Co., at cost of \$75, and reassigned to Peru, Illinois. Machine still in perfect order so far as records of department show.
- Machine No. 485.** Purchased under contract of May 3, 1901, at \$225; originally assigned to Chicago post office (Grand Crossing Station) May 22, 1902; remodeled Jan. 27, 1911, by Time Marking Co. at cost of \$75 and reassigned to post office at Stoughton, Wisconsin. Machine still in perfect order so far as records of Department show.

- Machine No. 486.** Purchased under contract of May 3, 1901, at \$225; originally assigned to Chicago post office (Pullman Station); remodeled by Time Marking Co. Jan. 27, 1911, at cost of \$75, and reassigned to New Richmond, Wis. Under date of April 5, 1911, pm. New Richmond reports machine doing first-class work and giving entire satisfaction.
- Machine No. 488.** Purchased under contract of May 3, 1901, at \$225; originally assigned to Chicago, Ill. (Douglas Park Station), May 23, 1902; remodeled Jan. 27, 1911, at cost of \$75, by Time Marking Co. and reassigned to Brazil, Indiana; under date of Feb. 24, 1911, pm. of Brazil reports machine as perfectly adjusted and in splendid working order.
- Machine No. 503.** Ordered for post office at Provo City, Utah, Apr. 11, 1902, at cost of \$225; remodeled March 3, 1911, by Time Marking Co. at cost of \$75 and reassigned to post office at Indianola, Iowa. Under date of June 29, 1911, postmaster at Indianola reported that machine gives good satisfaction; impression clear and distinct.
- Machine No. 583.** Purchased under contract of May 6, 1902, at \$225; originally assigned to Chicago post office (general delivery); remodeled Jan. 27, 1911, at cost of \$75, by Time Marking Co. and reassigned to post office at Aurora, Nebr. Under date of Feb. 24, 1911, pm. of Aurora reports machine in use a splendid piece of machinery and great improvement over old Doremus.
- Machine No. 480.** Purchased under contract of May 3, 1901, at \$225; originally assigned May 20, 1902, to Chicago post office (Austin Station); remodeled Jan. 27, 1911, by Time Marking Co. at cost of \$75 and reassigned to post office at Eveleth, Minn. Under date, June 17, 1911, pm. Eveleth reported machine in poor condition, and August 12, 1911, he was directed to return it to the Time Marking Company for general overhauling. Sept. 30, 1911, that company advised the department that the condition of the machine when received by it showed that it had received very little, if any, care and attention; that the bearings on the entire machine showed no trace of oil, and the metal separator was stuck from want of oil. The machine was oiled, properly adjusted, and put in first-class order by the Time Marking Company and returned to the postmaster of Eveleth, reaching his office November 29, 1911, since which date there has been no complaint.

Mr. McCoy. Mr. Bushnell, have you a carbon copy in your hands of Exhibit No. 293?

Mr. BUSHNELL. Yes.

Mr. McCoy. I call your attention to the second page where it says "machine 481," and the last sentence—

Machine still in perfect order so far as the records of the department show.

Is there any indication in the copy you have in your hand that that was added after the rest of that paragraph was put on the paper?

Mr. BUSHNELL. Yes.

Mr. McCoy. At whose direction was it added?

Mr. BUSHNELL. I do not think by anybody's direction.

Mr. McCoy. You do not know, in other words?

Mr. BUSHNELL. My secretary went over those files the second time and made up this report as complete as he could.

Mr. McCoy. No; the point is right here: This paragraph, entitled "Machine No. 481" on the carbon copy I have, begins, "Purchased," and so forth, in black ink, down to the words, "Chillicothe, Mo." and from there on the ink is a bluish ink, and undoubtedly it was added after the part in black was put on. Under whose instructions, if you know, was the addition of those words made?

Mr. BUSHNELL. I do not think under the instructions of anyone, as I stated.

Mr. McCoy. Now, wait. I say, if you know.

Mr. BUSHNELL. No; I do not know.

Mr. McCoy. You do not know. Now, Mr. Heartsill, what about that? You had better look at this carbon which I have in my hand. This is No. 481, where the words occur, "It appears," and so

forth [indicating], are in blue ink, whereas the rest of the paragraph of which that is a part appears in black ink. Under what circumstances, if you know, were those words in blue ink added?

Mr. HEARTSILL. I do not know of any circumstances in connection with that particular memoranda.

Mr. McCoy. Let me see the original, please. Was this original submitted to you as it is? (Indicating.)

Mr. HEARTSILL. Mr. Cady prepared that memorandum. He prepared it from the card record in connection with the cases in each individual machine, and after the memorandum was typewritten he and I compared it with the card record.

Mr. McCoy. Take this No. 481. Did you find on the card "Purchased under contract of May 3, 1901, at \$225," and so forth, or did the card simply say "Purchased," or what did the card say?

Mr. HEARTSILL. The card has some portions of it printed, for instance, the word "contract" and the words "office" and "location," and so forth, and after the word "contract" the date, May 3, 1901, appears under "price \$225," and so forth.

Mr. McCoy. And that was all on the card down to the words "Chillicothe, Missouri"?

Mr. HEARTSILL. Yes, sir.

Mr. McCoy. Were these words on the card:

Machine still in perfect order so far as the records of the department show.

Mr. HEARTSILL. I could not swear as to that.

Mr. McCoy. What is your best recollection?

Mr. HEARTSILL. I have no recollection that that was on.

Mr. McCoy. I find the same thing under "Machine No. 484" and "Machine No. 485."

Mr. BUSHNELL. We can have all the files here in the morning.

Mr. McCoy. I am not going to look through any files. I am simply stating what appears on the paper.

Mr. BRITT. We do not care anything about it. We simply want to assist you if we can.

Mr. McCoy. I have been assisted all I care to be by looking at these papers.

Is there any report from the Chicago office, Dr. Grandfield, on these remodeled Doremus machines as to the number of times, if any, that they have been attended to in any way since they were remodeled; either by anybody from the Cummins Co. or Madigan, or anybody in the Chicago post office?

Mr. BRITT. You know of course, Mr. McCoy, that those machines are owned outright by the Government and not rented.

Mr. McCoy. Oh, surely; I know that.

Dr. GRANDFIELD. I assume from this statement that none of the machines designed for the Chicago post office has been returned to Mr. Cummins or the B. F. Cummins Co. at any time for repairs.

Mr. McCoy. That was not my question. I will ask the stenographer to repeat my question.

The stenographer repeated the question, as follows:

Is there any report from the Chicago office, Dr. Grandfield, on these remodeled Doremus machines as to the number of times, if any, that they have been attended to in any way since they were remodeled, either by anybody from the Cummins Co. or Madigan, or anybody in the Chicago post office?

Dr. GRANDFIELD. Now, will the reporter read my answer?

The reporter read the answer as above recorded.

Mr. McCoy. It is completely unresponsive. I did not ask any such question. Read my question.

Dr. GRANDFIELD. Is your question intended—do you intend to ask me whether I have a personal recollection of any reports that may have been made regarding these Doremus machines? I have only this paper to show what the card records of the department indicate with reference to these particular machines.

Mr. McCoy. I will ask the reporter to read the question again.

The reporter read the question as hereinbefore recorded.

Dr. GRANDFIELD. I will answer the question, then, I don't know. I never before understood that "I don't know" is a responsive answer when a person may or may not have any recollection of something that has happened years ago.

Mr. McCoy. Is that a responsive answer?

Dr. GRANDFIELD. That is an explanation.

Mr. McCoy. "I do not know" is a responsive answer, legally, is it not?

Mr. BRITT. If the question is directly whether you do or do not know, that is a responsive answer.

Mr. McCoy. Or if it asks for a statement of a fact and a man says he does not know, that is a responsive answer.

Mr. BRITT. Yes.

Mr. McCoy. And it is a pity more witnesses do not respond that way.

Dr. GRANDFIELD. Very well.

Mr. McCoy. I was wondering whether to put this contract in here now or whether there might be a place for it where it would seem to be tied up to something else. There is a list of assignments of pick-up tables to be furnished, I believe. Has that been furnished?

Dr. GRANDFIELD. Pick-up tables?

Mr. McCoy. The question was asked how many tables have been assigned since the letter from the Buffalo postmaster, and you did not recollect. I think that information was asked for.

Mr. BRITT. Yes. I do not recall your asking for anything on pick-up tables that we have not furnished; but we are going to offer for the record everything we have on that subject, and anything you call for specifically that we have we will be glad to furnish.

Mr. McCoy. It was only for the purpose of deciding where to put this in.

Mr. BRITT. I cited that because you made inquiry about it yesterday.

Dr. GRANDFIELD. This has no reference to pick-up tables——

Mr. McCoy. The contract——

Dr. GRANDFIELD. Oh, I beg your pardon——

Mr. BRITT. It is a copy of the current contract I brought Mr. McCoy to-day.

Mr. McCoy. Mr. Heartsill, will you take the stand?

Mr. HEARTSILL. Yes, sir.

[STATEMENT OF F. P. HEARTSILL—Continued.

Mr. McCoy. I have here a file, Mr. Heartsill, entitled "Labor-saving devices, Richmond, Va., and supplied by the department." The last paper in it seems to be under date of November 22, 1912, and the first runs back to October 16, 1912. I find attached to it the following:

Richmond, Va. See Dr. Grandfield's personal files for postmaster's request for a Cummins pick-up table.

Is that in your handwriting?

Mr. HEARTSILL. Yes, sir.

Mr. McCoy. What do you mean, or what did you mean, by Dr. Grandfield's personal files?

Mr. HEARTSILL. As near as I can recollect this, Mr. McCoy, the letter from the postmaster at Richmond embodied several different subjects—

Mr. McCoy. That is not the point. What is meant by the words "Dr. Grandfield's personal files"?

Mr. HEARTSILL. Well, I would like to make a complete statement in regard to that. I talked to the superintendent of the division, Mr. Koons, in regard to this matter, and he said that there was a letter from the postmaster at Richmond to Dr. Grandfield, and he simply mentioned the fact that it got in Dr. Grandfield's office. In other words, in his personal office, and that it had not been sent down to my desk. Consequently I had not seen the letter.

Mr. McCoy. I do not quite understand your answer. Do you mean to say that you understood that a certain letter was temporarily in Dr. Grandfield's personal office?

Mr. HEARTSILL. Yes, sir; so far as I know. That was all the information I had on the subject.

Mr. McCoy. What did you mean by using the words "personal files"?

Mr. HEARTSILL. Well, I did not mean anything that would lead anyone to believe that there were any personal files of his alone; but simply that there was probably a letter that he had kept up in his office temporarily while attending to other things contained in the communication. It was simply the basis of my action or, rather, of my letter, in writing this letter here of August 17 [indicating].

Mr. McCoy. Did you ever hear of Dr. Grandfield having any personal file?

Mr. HEARTSILL. I do not.

Mr. McCoy. You say you do not. You never did hear of it, you mean?

Mr. HEARTSILL. No, sir; I do not.

Mr. McCoy. You say you do not. I say, did you ever hear of his having personal files?

Mr. HEARTSILL. No, sir.

Mr. McCoy. You are sure of that?

Mr. HEARTSILL. Yes, sir.

Mr. McCoy. What was your conversation with Mr. Koons?

Mr. HEARTSILL. If you will notice there is a letter from Mr. Koons addressed to the postmaster at Richmond, the answer to which—I believe that would not apply in that case. That came in later. I do not recollect the conversation in any of its details.

Mr. McCoy. But a few moments ago you testified as to some kind of a conversation with Mr. Koons?

Mr. HEARTSILL. Yes, sir.

Mr. McCoy. What was it you said?

Mr. HEARTSILL. I remember asking Mr. Koons upon what basis did he write this letter to the postmaster at Richmond which appears here under date of August 17. Mr. Koons stated, as near as I can recollect it, although I would not want to be positive, that the postmaster at Richmond had written a letter to Dr. Grandfield and it was upstairs, and to word the letter as I directed the stenographer to do. It is a rule that we always refer to a communication of a certain date, and not having that communication directly before me, I wanted to know how to start the communication.

Mr. McCoy. Is it customary in the department when there is a conversation which bears on business to make a memorandum like this and put it in the files?

Mr. HEARTSILL. I could not say it was customary. I did that simply as the basis for my action.

Mr. McCoy. What subsequent action did you take?

Mr. HEARTSILL. Writing this letter [indicating] or having it written August 17.

Mr. McCoy. Now, is it not a fact that what Mr. Koons said to you was to see Dr. Grandfield's personal file?

Mr. HEARTSILL. No; he did not say those words.

Mr. McCoy. Well, what words did he say?

Mr. HEARTSILL. Just as I stated before, he stated that there was a communication from the postmaster to Dr. Grandfield referring to several different matters.

Mr. McCoy. Is that communication in there?

Mr. HEARTSILL. I do not know. I have not seen the files recently (after examination). I do not see it.

Mr. McCoy. Did you see the letter that Mr. Koons referred to?

Mr. HEARTSILL. No; I did not.

Mr. McCoy. Did you make any attempt to see it?

Mr. HEARTSILL. No, sir.

Mr. McCoy. Just what did you do about it as a result of Mr. Koons's communication to you?

Mr. HEARTSILL. I requested the stenographer to write the letter dated August 17.

Mr. McCoy. Then, Mr. Koons must have told you something more than that there was a letter in Dr. Grandfield's office. What else did Mr. Koons say to you? In other words, how did it assist you to write the letter of August 17 if you did not see the letter to which Mr. Koons called attention? That is the point.

Mr. HEARTSILL. Because I could not refer to the date of the letter, and that is usually the only thing we want—the date of a request—for anything of that nature.

Mr. McCoy. Well, is there anything about this copy of the letter of August 17, 1912, that indicates that as a result of Mr. Koons's instructions you saw some letter which was in Dr. Grandfield's office?

Mr. HEARTSILL. No, sir; I did not see that.

Mr. McCoy. There is nothing in that letter, is there?

Mr. HEARTSILL. No, sir.

Mr. McCoy. Then what was the object of his referring you to a letter there if you did nothing about it? Why did you not go to see the letter?

Mr. HEARTSILL. It was not my place to go to see the letter.

Mr. McCoy. Then what was the use of Mr. Koons saying anything to you about it?

Mr. HEARTSILL. As I remember it—well, to repeat what I said a while ago, I simply wanted the date of a letter requesting the pick-up table, to insert it in the letter.

Mr. McCoy. Insert it in which letter—the letter of which this is the copy [indicating]?

Mr. HEARTSILL. Yes, sir.

Mr. McCoy. I do not see any reference to any date here. Do you discover any reference to any date in here [handing witness letter]?

Mr. HEARTSILL. No, sir; that is just what I mean.

Mr. McCoy. I confess I do not understand what you do mean. Let me see if we can get back to it a little further. Your duty was to get up a letter to the postmaster at Richmond. Is that right?

Mr. HEARTSILL. Yes, sir.

Mr. McCoy. And you had a conference with Mr. Koons in regard to getting up that letter. Is that right?

Mr. HEARTSILL. Yes, sir.

Mr. McCoy. And for the purpose of enabling you to get up this letter he told you that there was a letter in Dr. Grandfield's office in connection with the matter. Is that right?

Mr. HEARTSILL. Yes, sir.

Mr. McCoy. You subsequently wrote to the postmaster at Richmond, did you? Is that right?

Mr. HEARTSILL. Yes, sir.

Mr. McCoy. And in the meanwhile you had not seen the letter in Dr. Grandfield's office. Is that right?

Mr. HEARTSILL. Yes, sir.

Mr. McCoy. Then what was the object of Mr. Koons referring to the letter; what good did it do you?

Mr. HEARTSILL. It is customary in all letters written to postmasters to refer to a communication of a certain date; and if I did not see that communication, I could not tell the date of it.

Mr. McCoy. Did you see it?

Mr. HEARTSILL. No, sir.

Mr. McCoy. Then you departed from the custom in this case?

Mr. HEARTSILL. Yes, sir.

Mr. McCoy. Why did you not do what Mr. Koons told you?

Mr. HEARTSILL. I did.

Mr. McCoy. He told you to go and see the letter, did he not?

Mr. HEARTSILL. No, sir.

Mr. McCoy. What did he mention it for; just to satisfy your curiosity or to be some guide to you?

Mr. HEARTSILL. To assist me in writing that letter of August 17.

Mr. McCoy. Very well. You did not see the letter. Now, what assistance was his information to you?

Dr. GRANDFIELD. Did you ask Mr. Koons what was the date of that letter? Is that what brought up the conversation?

Mr. HEARTSILL. Yes, sir.

Mr. McCoy. Well, he did not tell you, did he?

Mr. HEARTSILL. No, sir.

Mr. MCCOY. Then you did not make any progress along that line; but he said, "There is a letter up in Dr. Grandfield's file," did he not?

Mr. HEARTSILL. Something to that effect; yes, sir.

Mr. MCCOY. Very well. That was for the purpose of getting some information that the letter contained?

Mr. HEARTSILL. He did not tell me to get any information the letter contained.

Mr. MCCOY. But he told you the letter was there, for the purpose of enabling you to get some information, did he not?

Mr. HEARTSILL. No; he instructed me to write the letter which I did write, just referring to the postmaster's request.

Mr. MCCOY. But he said, "Ignore the date of the letter. That does not make any difference"?

Mr. HEARTSILL. He did not use those words.

Mr. MCCOY. Well, in substance, he said, "Never mind the date"? He said, "Go ahead and write the letter"?

Mr. HEARTSILL. That was it.

Mr. MCCOY. Now, I would like to have the letter from Dr. Grandfield's files produced.

Mr. BRITT. Is it sufficiently located to indicate what it is that is wanted?

Dr. GRANDFIELD. My recollection is that it was a personal letter, stating he was very ill and had to go to the hospital, or something of that sort, and that he mentioned the fact that we promised him a pick-up table; but I am simply quoting from recollection.

Mr. MCCOY. Never mind, until we see the letter, because I confess the witness' testimony is not very illuminating to me, at any rate. That is all, Mr. Heartsill.

Mr. HEARTSILL. May I be excused, then?

Mr. MCCOY. Yes.

Mr. Heartsill retired.

Dr. GRANDFIELD. On page 264 of the record there are a number of questions asked in regard to the removal of a Cummins machine from the Brooklyn post office and its return to the factory, and I remember a conversation that occurred shortly after the machine was removed from the Brooklyn office, and I stated that the owner of the machine or one of its representatives said that all of the screws had been removed from the machine.

Mr. BRITT. By Mr. McCoy's leave I will read his suggestions in relation to that, and that will give you the basis of his answer. This will be found at page 263:

Mr. MCCOY. Then I should like to have that produced, and I should like to have whatever is in the department to show whether this machine was in the experimental stage or under contract or whether it was purchased or what was the nature of the assignment of it to the Brooklyn post office.

Then, on page 264:

Mr. MCCOY. What did either you or Mr. Waters do, if anything, after having your attention called to the treatment accorded Mr. Cummins's agent there?

Dr. GRANDFIELD. When I returned to the department I tried to ascertain if there was any report in writing on the subject, and I did ascertain that the machine was under contract and regularly as-

signed. Then I wrote to Mr. Waters under date of December 24—he now being post-office inspector attached to the Denver (Colo.) division—and asked him if he remembered the occurrence. I have his reply here, as follows:

POST OFFICE DEPARTMENT, OFFICE OF INSPECTOR,
Denver, Colo., December 28, 1912.

MR. CHAS. P. GRANDFIELD,
First Assistant Postmaster General, Washington, D. C.

MY DEAR DOCTOR: Am in receipt of yours of the 24th relative to the Time Marking Machine Co. I remember very well that Brooklyn claimed they could not use the Cummins machines. I thought at the time that Brooklyn was prejudiced against the machine, but as I recollect it, it was some time before we consented to transfer it to Springfield, Mass. For my own satisfaction I made several inquiries as to how the machine was doing after transfer, and was informed that it was doing good work. It may have been Mr. Cummins himself who talked with me as to the condition of the machine when received at the factory for overhauling before sending it to Springfield, but it seems to me that was a gentleman from Chicago who was lacking the company. I have forgotten his name. He said that the machine had been terribly abused, and some of the parts missing. I have always thought that Brooklyn could have used it had they wished, and had taken proper care of it. I remember talking with Mr. Roberts, the postmaster, but without much satisfaction, as he had evidently decided that the machine could not be used. As I remember it, Brooklyn had about 150 square feet of the old drop-feed American at that time.

Trusting that the above is what you desire, I have to wish you and yours all kinds of good things, and the compliments of the season.

Sincerely, yours,

C. M. WATERS.

There is a copy of my letter to Mr. Waters and his reply, if you want to use it [producing letters].

MR. MCCOY. Do you want to have these put in, Dr. Grandfield?

DR. GRANDFIELD. Well, you asked for whatever reports we had, and I found no report, and therefore wrote to Mr. Waters to find out what his recollection was.

MR. BRITT. If it will be satisfactory to you, I have a number of other records with reference to complaints as to different machines, which I am going to offer, and I think it would be appropriate to offer those with them.

MR. MCCOY. If you will withdraw that I will finish up this Brooklyn post office first. I have no objection to its going in, but you have stated the substance of that.

I will say that upstairs I have a letter from Mr. Cummins which I will offer now and it will be marked "Exhibit 293a." It refers to this Brooklyn machine. I will not undertake to quote it, but I will put it in. The substance of it is that he thinks it is a matter of no importance, and so far as he was concerned, what took place in the matter of testimony was the end of it. It was not written in answer to any letter I had written, but simply written plain so, as they say in your part of the country, Mr. Britt; is that not what they say?

EXHIBIT No. 293A.

Cummins canceling machines.

Telephone Edgewater 2580.

TIME MARKING MACHINE CO.,
Ravenswood Station, Chicago, Ill., December 30, 1912.

HON. WALTER I. MCCOY, M. C., Washington, D. C.

SIR: Your favor of December 28, in reply to my letter of December 26, is received, and I thank you for its prompt courtesy.

As to the Brooklyn post-office matter, we will not consider it of any importance, whatever, so far as we are concerned.

The first machine was placed in the Brooklyn post office in 1905, and it was not a practical machine and was withdrawn by us as soon as possible. The second machine was placed in the Brooklyn post office in 1907. We were not able to have it successfully operated in the Brooklyn post office, and it was withdrawn and placed elsewhere.

I can not conceive of any reason why testimony regarding it should be of value to any party interested in this investigation, but I will be glad to tell all I know about it, when I appear as a witness before your committee.

Very truly, yours,

B. F. CUMMINS.

BFC-EB.

Mr. BRITT. That is what they say and they say it very strongly.

Mr. McCoy. Now, Mr. Britt, we will come to what you were going to say.

Mr. BRITT. What I was about to say is that I have a number of letters and data relating to the complaints about various machines, which I shall offer at the proper time, not for the purpose of disparaging any particular machine, but for the purpose of showing what I think need not necessarily be shown in this record, but will be commonly understood, that complaints would naturally arise as to any and all of these machines as pieces of mechanism. They would naturally be machines that would get out of order and would have to be repaired. But at that time it seemed to be your purpose, from that one thing, to show that the Cummins machine got out of fix and not others.

Mr. McCoy. Not at all. It came up purely as an incidental matter in connection with the Brooklyn matter.

Mr. BRITT. I say as shown by that one thing.

Mr. McCoy. I have no particular purpose to inquire into the merits of the various machines. This hearing would go on until the crack of doom if we got into that branch of the subject. I am perfectly willing to admit that all the machines have been criticized from time to time.

Mr. BRITT. And have been out of repair, of course.

Mr. McCoy. And out of repair, yes.

Mr. BRITT. No criticism of a machine would be proper unless it went to the permanent merits of the machine.

Mr. McCoy. And I have no purpose to go into that branch of the case at all.

Mr. BRITT. Then we can shorten the record.

Mr. McCoy. I have here copies of letters patent, which I am not going to put into the record, but simply refer to them very briefly:

Letters patent of George A. Gasman and John T. Lynch, of Chicago, Ill., assignors to Time Marking Machine Co. of Chicago, Ill., a corporation of the District of Columbia.

Pick-up table for mail matter.

No. 857990.

Application filed January 3, 1905.

Serial No. 239490.

Patented June 25, 1907.

I have here copies of letters patent to John T. Lynch and George E. Bolton, of Chicago, Ill., assignors to the B. F. Cummins Co., a corporation of Illinois:

For stacking mechanism for mail matter.

No. 1035716.

Application filed February 20, 1911.

Serial No. 609728.

Patented August 13, 1912.

Who is George E. Bolton, if you know?

Dr. GRANDFIELD. I do not know. I never heard of him.

Mr. McCoy. I have here copies of letters patent to John T. Lynch, of Chicago, Ill., assignor to the B. F. Cummins Co., a corporation of Illinois:

Pick-up table for mail matter.

No. 1035714.

Application filed August 19, 1910.

Serial No. 577942.

Patented August 13, 1912.

John T. Lynch and George A. Gasman are the employees of the Chicago office of whom we have spoken here in this hearing?

Dr. GRANDFIELD. Yes, sir. Mr. Gasman is assistant superintendent of mails and Mr. Lynch is the foreman at present detailed as a post-office inspector.

Mr. McCoy. He is now detailed as a post-office inspector?

Dr. GRANDFIELD. Yes, sir.

Mr. McCoy. When did that detail begin?

Dr. GRANDFIELD. I think it began in November, 1912. He was detailed as a post-office inspector for 90 days about a year ago, I think. Perhaps 18 months ago. His detail, I believe, is shown in the record.

Mr. McCoy. Yes. He was detailed and then assigned back to the Chicago post office?

Dr. GRANDFIELD. Yes, sir.

Mr. McCoy. And this is the second detail, I presume?

Dr. GRANDFIELD. That is right.

Mr. McCoy. Letter of May 29, 1911, to C. P. Grandfield, First Assistant, signed "B. F. Cummins," Exhibit No. 294.

EXHIBIT No. 294.

Canceling machines.

Pick-up tables.

Automatic distributing cases.

Post-office labor-saving devices.

THE B. F. CUMMINS CO.,
Ravenswood Station, Chicago, Ill., May 29, 1911.

Hon. C. P. GRANDFIELD.

First Assistant Postmaster General, Washington, D. C.

Sir: Your favor of May 27 is received. I wrote you on Saturday last in regard to placing tables without orders and without obligation upon the department, and will await your further word in that regard.

I thank you for your suggestion that you will talk with the proper people in the Treasury Department in regard to the St. Louis contract. It would be a very great disappointment to me if any other tables than ours were contracted for at St. Louis, and it would instantly involve me in the necessity of a lawsuit, which I hope very greatly to avoid, and which I believe is in the way of being avoided as the matter now stands.

I note that you have written to the postmaster at Chicago regarding the question of substituting new tables for their old ones, and am very much obliged to you for this.

Very truly, yours,

BFC-EB.

B. F. CUMMINS.

EXHIBIT No. 295.

St. Louis, Mo., P. O.
Rm.

In replying quote upper initial, right-hand corner.

OFFICE OF SUPERVISING ARCHITECT,
TREASURY DEPARTMENT.
Washington, May 31, 1911.

FIRST ASSISTANT POSTMASTER GENERAL.
United States Post Office Department, Washington, D. C.

SIR: Referring to the matter of pick-up tables and to the recommendation in the report of the inspector of furniture on equipment for the new post office at St. Louis, Mo., that five pick-up tables without mechanical devices be supplied, you are advised that this office can not consider the recommendation favorably. In order that this office may be advised whether pick-up tables of the ordinary style should be provided, you are requested to advise this office whether the Post Office Department will, under the above circumstances, supply complete the five pick-up tables required.

Respectfully,

JAMES P. LOW,
Acting Supervising Architect.
J. W. P.

(Stamped:) First Assistant Postmaster General. Received June 1, 1911. Division of Salaries and Allowances.

(Stamped:) First Assistant Postmaster General. Received June 1, 1911.

Letter of May 31, 1911, to First Assistant Postmaster General, signed James P. Lowe, Acting Supervising Architect (meaning of the Treasury Department), Exhibit No. 295.

Memorandum June 12, 1911, entitled "St. Louis, Mo., pick-up tables; memorandum for Dr. Grandfield," initialed by E. T. Bushnell, bearing letter C and the word "Filed" and initialed by C. P. G.

I think I know your initials by this time.

Dr. GRANDFIELD. Yes.

EXHIBIT No. 296.

(File copy.)

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, June 12, 1911.

ST. LOUIS, MO., PICK-UP TABLES.

Memorandum for Dr. Grandfield:

This is one of the letters you handed me just as you were leaving for St. Paul. Before writing the Treasury Department I took it up with the author of the letter personally and also with the architect's office, and they have advised me that these pick-up tables will be taken care of in the special appropriation of \$100,000 for labor-saving devices. The letter was written under somewhat of a misapprehension.

There is another phase to this question, however, that needs to be considered. From my personal interview with the superintendent of the division of furniture and equipment I learned that the Treasury Department is emphatically opposed to any further purchase of the "Cummins" pick-up tables jointly with this department. Their claim is that the table proper can be built for much less than they were called upon to pay for those that have been already purchased. They, of course, ignore the patent feature of it. I contended in my discussion of the subject with them that the Government should not stand still, and simply on the ground of cost stand in the way of furnishing equipment which had been demonstrated would increase the efficiency of the post office probably 30 per cent, but they apparently do not look at it in that way, and I gather that they will hereafter insist that if the Post Office Department desires to equip a post office with these new pick-up tables it will have to be done through the Post Office Department appropriation entirely.

There is still another angle to this affair. The Treasury Department, after conferring with Messrs. Masten and Gasman, and reviewing their report on the labor-saving appliances, have prepared elaborate specifications upon which to solicit bids for this work. These specifications include the mechanical pick-up tables. I am very much afraid, therefore, that unless this department can insist upon the approval or disapproval of the proposals which may be received, the Treasury Department might adopt some other model of mechanical pick-up table if the price were cheaper.

The "Cummins" pick-up table being a patented article and having been thoroughly tried out and approved by this department, there is no requirement of law that competition with some other table that may be invented should be invited. I think the position of the Treasury Department grows out of the claim of the Lamson Co., that if given an opportunity, they can make a better table than the "Cummins."

B-C

E. T. B.

Mr. McCoy. I read from this Exhibit No. 296:

The Cummins pick-up table being a patented article, having been thoroughly tried out and approved by this department, there is no requirement of law that competition with some other table that may be invented should be invited. I think the proposition of the Treasury Department grows out of the claim of the Lamson Co. that if given an opportunity they can make a better table than the Cummins.

That is initialed by you. Is that your interpretation of that law requiring competition?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Would that be equally applicable to canceling machines?

Mr. BUSHNELL. That only applies, Mr. McCoy, where there is no exactly similar device. It has been the practice, I know, in the department for many years to purchase articles in the open market where it was a patented article and there was no exactly similar device.

Mr. McCoy. If it were a patented article and there were an exactly similar device, you would have an infringement suit, would you not?

Mr. BUSHNELL. I might say a device that would serve the Government in precisely the same way.

Mr. McCoy. You mean accomplish the same object?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. The Lamson people were claiming, were they not, that they could make a table which would perform the same functions as the Cummins table?

Dr. GRANDFIELD. They did make such a claim——

Mr. McCoy. I was asking Mr. Bushnell.

Dr. GRANDFIELD. Excuse me.

Mr. McCoy. The Lamson people made the claim that they had or could furnish a table which would perform the same service as the Cummins table, did they not?

Mr. BUSHNELL. They made that claim, and I understand that they have since paid Cummins for an infringement on his patent.

Mr. McCoy. I do not care what your understanding is; at the time you wrote this letter it was known to you, was it not, that the Lamson people had a pick-up table or could perform the same service that the Cummins people performed with their table?

Mr. BUSHNELL. I think I had in mind then the table in use in the Washington City post office, which was not the same kind of a table.

Mr. McCoy. Well, it performed the same function, did it not, or was supposed to, or it was claimed it did?

Mr. BUSHNELL. No; it did not perform the same functions. It had no stacking device attached to it, and that is the important

feature in the Cummins pick-up table—the stacking device at the end of it.

Mr. McCoy. Do you consider that more important than the table itself?

Mr. BUSHNELL. That is the purpose of the table, to stack the mail so it will be available for the canceling machine operator at the end.

Dr. GRANDFIELD. I would like to say that I invited the Lamson Co. to make a proposition and build a machine. I was told by the engineer, Mr. Cowley, that the company could not build a machine without infringing some one else's patent. The letter from the Lamson Co. and my reply are in writing some place in the files.

Mr. McCoy. Letter of July 21, 1911, to the Postmaster General from Mr. Curtis, Assistant Secretary of the Treasury, Exhibit No. 297.

EXHIBIT No. 297.

St. Louis, Mo.: New P. O.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, July 21, 1911.

THE HONORABLE THE POSTMASTER GENERAL.

SIR: By direction of the Secretary, I have the honor to forward herewith for your consideration the proposals received for the installation of a mechanical system of mail-handling machinery in the U. S. post office (new), St. Louis, Mo., plans and specifications for which were prepared by this department at your request, and to suggest that the proposals be accepted as follows: (1) That of the Lamson Consolidated Store Company, the only complete one received, in amount \$114,975.00 less \$7,500.00 for the omission of facing tables, and \$21,600.00 for omission of the interior pneumatic tube system, making a net amount of \$85,875.00; (2) that of the B. F. Cummins Company, in amount \$7,750.00, for the installation of five facing tables of their manufacture.

The omission of the pneumatic tube system is suggested on account of the fact that the appropriation for the mail-handling machinery is limited to \$100,000.00, and it is believed that the tube system can well be dispensed with at this time and installed later, when funds are available. It is understood that your department does not consider the Lamson facing tables to be the best obtainable, and for that reason the acceptance of the Cummins Company's proposal for this item is suggested.

The appropriation for the building is practically exhausted, and can bear no part of the expense of installing the mail-handling machinery.

Please give this matter your early attention, and return the papers to this department as soon as possible with your recommendation and such comment as you desire to make, in order that action may be taken on the proposals.

Respectfully,

J. F. CURTIS,
Assistant Secretary.

(Stamped:) Office of the Chief Clerk. Received July 22, 1911. Post Office Dep't. First Assistant. Division of Postmasters' Appointments. July 24, 1911, received. Postmaster General.

Copy of letter July 27, 1911, to the Hon. Franklin MacVeagh, Secretary of the Treasury, from the Postmaster General, Exhibit 298:

EXHIBIT No. 298.

JULY 27, 1911.

HON. FRANKLIN MACVEAGH,
Secretary of the Treasury.

SIR: With reference to your communication of the 21st instant, transmitting proposals received for the installation of a mechanical system of mail-handling machinery in the new post office of Saint Louis, Missouri, I beg to recommend the acceptance by your department of the following proposals:

(1) Lamson Consolidated Store Service Company in the sum of \$114,975.00, less \$7,500.00 for the omission of facing tables, and \$21,600.00 for the omission of the interior pneumatic tube system, making a net amount of \$85,875.00.

(2) The B. F. Cummins Company, for the installation of five facing tables, \$7,750.00.

Your attention is respectfully invited to the fact that under date of the 25th instant the B. F. Cummins Company modified its former proposal for furnishing facing tables to this department to the extent that it will guarantee all parts of the mechanism, including the rubber wearing parts, for the period of one year from the date of delivery and will replace all parts that become worn or unserviceable with ordinary care and usage during that period. It is therefore suggested that before this proposal is accepted the company be required to furnish a similar guaranty in regard to the facing tables to be installed in the Saint Louis post office.

The inclosures transmitted with your communication are herewith returned.

Respectfully,

(Signed) F. H. HITCHCOCK.

FPH-T.

Copy of telegram, July 6, 1911, to the Lamson Consolidated Store Service Co., Boston, Mass., signed B. F. Cummins.

Also, to save me from going through the same formula each time, I will include these papers in the same exhibit:

Telegram July 7 to the Cummins Co. from the Lamson Co.
Another one of July 7 from the Lamson Co. to the Cummins Co.
Copy of a letter July 18, 1911, to the Cummins Co. from the Lamson Co.
Copy of telegram, July 10, 1911, to the Lamson Co., from B. F. Cummins.
Copy of telegram, July 11, 1911, B. F. Cummins Co. to the Lamson Consolidated Store Service Co.
Night letter of July 12, 1911, to the Lamson Co. from B. F. Cummins.
Telegram July 13, 1911, to B. F. Cummings from the Lamson Co.
Telegram July 13, 1911, from the Lamson Co. to B. F. Cummins.
Telegram July 14, 1911, to B. F. Cummins from the Lamson Co.
All these papers to be marked "Exhibit No. 299."

EXHIBIT No. 299.

(Copy.)

[Night letter.]

WASHINGTON, July 6, 1911.

LAMSON CONSOLIDATED STORE SERVICE CO.,

Boston, Mass.

I have called to-day on both Post Office and Treasury Departments regarding St. Louis contracts. Unless you want to specify and put in our machines I will ask to have pick-up tables excepted from general contract and handled separately; I am told that this will be done. I think Post Office Department wants our table. I think, too, that Treasury Department would prefer to make only one contract. Have been told that your representative has mentioned putting in our tables, but in the absence of any word from you I will not rest further on that theory. I would be glad if you would wire me here whether you are bidding on our table and will take them from us if your bid is accepted. I will hope to have your favorable reply as early to-morrow as possible.

(Signed) B. F. CUMMINS.

[Day letter.]

BOSTON, July 7, 1911.

B. F. CUMMINS, Esq.,

Care Western Union Telegraph Office, Washington, D. C.

(In reply his night letter July 6.)

We will include your tables in our bid without profit to ourselves providing you name us a price installed complete and tested out as per specified requirements which is no higher than bid you may make yourself or through others. We may also put in bid for our own tables at our regular price of fifteen hundred dollars, and offer you our tables if you wish them for the same figure. Advise us immediately as to your figures and proposition.

(Signed) LAMSON CON. STORE SERVICE CO.

[Night letter.]

WASHINGTON, July 7, 1911.

LAMSON CON. STORE SERVICE CO., *Boston.*

Your telegram this date received: we will sell you the five machines for St. Louis at price quoted, \$1,550 each f. o. b. Chicago. We will not and have not quoted lower to anyone; on machines heretofore sold department they have made installation themselves, but in St. Louis case we will send our man to set machines up for you if desired.

We will guarantee machine to be acceptable to department. I hope you will not further complicate the situation by putting in proposal on any other table, which I am sure is not wanted. I have copy of specifications, which do not call for pockets or other wanted improvements. I have explained all these things as carefully and truthfully as I could to both Treasury and Post Office Departments. If you bid on table as per specifications we will feel at liberty to do the same. Will you please wire or write me Chicago, so I will know Monday your decision in this regard? I will leave here to-morrow without making direct proposal, believing that you will bid on our table only. I will repeat, they want our table, but prefer to make only one contract. I believe my suggestion to be in your interest and fair in this case.

(Signed) B. F. CUMMINS.

[Letter.]

Boston, July 8, 1911.

B. F. CUMMINS, Esq.,
Chicago, Ill.

DEAR SIR: I am just in receipt of your night letter and note that you name a price to us of \$1,550 each on five stacking tables f. o. b. Chicago. I can not understand why you should put the thing on this basis, as you must know by reading the specifications that all of this material has to be not only delivered, but set up and subjected to a 30-day test, and all the expense of making test, as well as replacing anything which goes wrong during that time, must be borne by the contractor. You certainly can not expect that we are going to try to sell your machines to the department installed and tested out for the same price that we pay you for them f. o. b. Chicago.

I wish you would therefore wire me early Monday morning the figure for us to place in the proposal for your five stacking tables complete, which shall cover everything that may be called for under the specifications as prepared by the department.

I also want your agreement that the price you name for us to put in shall not be in excess of the price that you may decide to submit yourself direct, to which, of course, we could have no possible objection. We also wish you to advise us in the same message whether your tables will be offered by anyone else other than yourself or us.

In your telegram you say:

"If you bid on table as per specifications, we will feel at liberty to do the same."

In reply to this I would say that of course we shall have to bid on a table as per specifications, otherwise it would probably be thrown out. It is our understanding, however, that your regular table will come within the specifications. You are, of course, at perfect liberty to bid on your table, and we do not for one moment wish to influence you or anyone else in any way as to your bid; all we ask is that if you desire us to offer your make of table in our bid, that you name us a price which shall not be in excess of the price you yourself may put in. We shall, in all probability, put in a bid on our own table as an alternate to your table. I do not think it would be proper for us not to do so. Our table is in use in the Post Office Department and, as far as my information goes, is giving perfect satisfaction; but if, as you say, the department desires your table because they like it better, they will probably decide on it, and we are entirely willing to leave that matter to their choice.

You of course realize that there is nothing in this proposition for us to use your table, but I am perfectly willing to do so in this case as per my understandings with you when you were in Boston. I must ask, however, that you state your proposition promptly and positively to us so there can be no misunderstanding.

(Signed) LAMSON CONSOLIDATED STORE SERVICE Co.,
By OAKES AMES, Vice President.

[Day letter.]

RAVENSWOOD, CHICAGO, July 10, 1911.

LAMSON CON. S. S. Co.,
Boston, Mass.

Your letter received; if we quote Treasury Department it will be \$1,550 each f. o. b. Chicago. We have not varied prices or terms; if necessary under specifications will add carrying charges to above prices. In your case will pay freight to St. Louis if department will not furnish bill of lading. I think specifications covering tables will be rewritten. I think, too, as I have told you, that our table is wanted. If you bid on another table I think we would not care to have you bid on ours. Have not been asked for prices by anyone else. Am willing to carry out arrangements exactly as talked in Boston. You do not seem to be willing to do so. Please wire your decision, yes or no.

(Signed) B. F. CUMMINS.

[Day letter.]

Boston, July 11, 1911.

B. F. CUMMINS, *Chicago, Ill.*

We shall not bid on tables any other way except delivered, installed, and tested as per specifications. We shall not exclude bid on our own machines and positively never agree to. Perfectly willing to stand by arrangement exactly as discussed, which is on lines now proposed by us. If you want us to bid on your machine, wire immediately your prices on this basis and agree that said prices are as low as anyone will submit for your machines. Answer.

(Signed) LAMSON CON. STORE SERVICE CO.

[Night letter.]

RAVENSWOOD, ILL., July 12, 1911.

LAMSON CON. STORE SERVICE CO., *Bo ton.*

Day letter 11th received; I can see nothing to add to previous telegram. I can not see that it would do anybody any good for you to propose on our machine and on another machine. I have acted as I believe in good faith and for the best interest of all parties concerned but if you are going to bid on any machine other than ours, will make our proposal direct. Have already offered you to pay freight, make installation, and procure acceptance of machine.

(Signed) B. F. CUMMINS.

[Telegram.]

Boston, July 13, 1911.

B. F. CUMMINS, Esq., *Chicago.*

It is my understanding that you decline to name us price for your machine installed complete as per specifications, which is the only way we can handle them, and that you will not furnish us your machines in the event we bid on our own. Answer immediately, yes or no.

(Signed) LAMSON CON. STORE SERVICE CO.

[Night letter.]

CHICAGO, July 13, 1911.

LAMSON CON. S. S. Co., *Boston.*

I do not see exactly how you deduce your understanding from my telegram but after reading them over can see no important change to make. Would very greatly prefer that you should bid only on our machine if you can see your way to do so.

(Signed) B. F. CUMMINS

[Telegram.]

Boston, July 14, 1911.

B. F. CUMMINS, *Chicago, Ill.*

We still await a definite reply to our telegrams of July 11 and 13. Your replies are evasive and noncommittal.

(Signed) LAMSON CON. S. S. Co.

Letter of July 15, 1911, to C. P. Grandfield, First Assistant, from the Lamson Co., with a memorandum "C. F. T.," Exhibit No. 300:

EXHIBIT No. 300.

[General offices Lamson Consolidated Store Service Company. Automatic, pneumatic, selective, and mechanical carriers for service within and between buildings. 161 Devonshire Street, Boston. Works: Lowell, Mass., and Toronto, Ont. Agencies in all principal cities.]

C

Subject: St. Louis Post Office.

JULY FIFTEEN, 1911.

Dr. C. P. GRANDFIELD,
1st Asst. Postmaster General,
Washington, D. C.

DEAR SIR: We are to-day forwarding to the Supervising Architect our formal proposal for the St. Louis Post Office mail-handling machinery.

We regret that we are obliged to make the total amount of our bid somewhat in excess of the appropriation, which we understand is expected to cover all of this apparatus, as mentioned by you the other day. The reason for this, however, is because our preliminary estimate, left with you some months ago, did not include

certain features which were included in the specifications prepared by the Government and which therefore had to be included in our formal bid, such as structural steel work necessary in preparing the building for the apparatus, electric wiring for mains to motors, changes made necessary due to moving and inclosing the bucket lift, desks, and cabinet work for the pneumatic tube system, the addition of two extra conveyers made necessary by changing the run of conveyer No. 10 to No. 10-c, etc. These changes amount to considerably more than the difference between our preliminary and final bid, and this excess, we think, should be properly chargeable to the building instead of to the equipment.

We regret we were unable to put in a bid on the Cummins facing tables which we had hoped and intended to do in conjunction with our own, for the reason that Mr. Cummins has refused to name us a price which will cover delivery, installation, and testing of these tables as required under the Government specifications. We have repeatedly asked him for a bid on this basis, giving our reasons for so requiring it, and he has repeatedly failed to do so under one pretext or another, and states in his telegram to us of July 10th, that if we are to bid on our tables he would not care to have us bid on his, which probably explains his refusal to name us a price on the basis that we must of necessity name in our proposal.

We feel it is manifestly improper for us to decline to bid on our own facing tables, but were perfectly willing to bid on our own and also on the Cummins tables, leaving it for the department to decide which they wanted.

As per our offer of this week we will be glad to build and set up at Washington one of our facing tables for a comparative test without expense to the Government, and will advise you later when we expect to have this table ready to set up.

For your information, should you care to read same, I am enclosing copies of all telegrams and correspondence between Mr. Cummins and ourselves in regard to this matter.

Yours, respectfully,

LAMSON CONS. STORE SERVICE CO.,
By J. T. COWLEY, *Chief Engineer.*

JTC-TML.

Mr. HEARTSILL: Please advise writer of recommendation to Treasury Dept. a few days ago & let all papers go to Mr. Bushnell for file.

C. F. T.

(Stamped:) First Assistant Postmaster General. Received Jul. 17, 1911.

August 3, 1911, to the Lamson Co., signed by C. P. Grandfield, First Assistant, Exhibit No. 301:

EXHIBIT No. 301.

AUGUST 3, 1911.

THE LAMSON CONSOLIDATED STORE SERVICE COMPANY,
Boston, Massachusetts.

GENTLEMEN: In reply to your letter of the 15th ultimo, relating to your proposal for the installation of mail-handling machinery in the new post office at Saint Louis, Missouri, and transmitting copies of telegrams and correspondence between your company and Mr. B. F. Cummins in regard to your submitting bids on the furnishing of the "Cummins" pick-up tables as well as on your own, I beg to inform you that under date of the 27th ultimo this department forwarded its recommendation in the matter to the Treasury Department and that if any information is desired relative thereto you should communicate with the latter department.

With reference to that portion of your letter relating to the testing of one of your facing tables, I beg to state that if you will notify this office shortly before you are ready to make the installation the department will be glad to authorize your table to be installed in either the Washington or the New York office, as you prefer, for the purpose of making a comparative test without expense to the Government.

Respectfully,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

FPH-SGH.

August 11, 1911, letter to C. P. Grandfield, First Assistant, from the Lamson Co., Exhibit No. 302:

EXHIBIT No. 302.

[General offices Lamson Consolidated Store Service Company, automatic, pneumatic, selective, and mechanical carriers for service within and between buildings, 161 Devonshire Street, Boston. Works: Lowell, Mass., and Toronto, Ont. Agencies in all principal cities.]

AUGUST ELEVEN, 1911.

Mr. C. P. GRANDFIELD,
First Assistant Postmaster General,
Washington, D. C.

DEAR SIR: I beg to reply to your letter of August 3, relating to proposal for mail-handling machinery for the St. Louis post office, and also to the pick-up tables.

We note that under date of July 27 your recommendations were forwarded to the Treasury Department in this matter. Beg to say, however, that we have received no official notice as yet of any action on the part of the Treasury Department, and we have taken the matter up with them as per your suggestion.

With reference to the facing tables, we are building one of these with some improvements which we think will greatly add to the efficiency of the tables, and will be glad to take the matter up with you as soon as this table is ready, so that it may be installed and given a comparative test, as mentioned in your letter. We hope, however, if the department has in mind placing order for these tables elsewhere for the St. Louis office that action may be withheld until these comparative tests are made.

Yours, truly,

LAMSON CONS. STORE SERVICE CO.,
By J. T. COWLEY, Chief Engineer.

JTC-TML.

(Stamped:) First Assistant Postmaster General. Received Aug. 12, 1911.

Copy of letter August 14, 1911, to J. T. Cowley, chief engineer Lamson Co., signed by C. P. Grandfield, First Assistant, etc., Exhibit No. 303:

EXHIBIT No. 303.

AUGUST 14, 1911.

Mr. J. T. COWLEY,
Chief Engineer Lamson Consolidated Store Service Co.,
161 Devonshire Street, Boston, Massachusetts.

MY DEAR SIR: Your letter of the 11th instant regarding the purchase by the Treasury Department of facing tables for the post office at Saint Louis, Missouri, has been received. The appropriation for the purchase of special labor-saving machinery for the new post office at Saint Louis is under the jurisdiction of the Treasury Department, and it is therefore suggested that you take the matter up with that department.

With reference to your desire to have a test made of the facing table you propose to build, please inform the department whether or not the proposed table infringes the patent of any other manufacturer. This allegation has been made, and the department would like to have an opinion from your legal adviser.

Yours, very truly,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

G-C.

(Stamped:) Division of Salaries and Allowances. Received Sep. 2, 1911. Superintendent.

Letter August 16, 1911, addressed to James T. Cowley, chief engineer Lamson Store Co., signed J. S. Rusk, on letterhead reading "J. Stewart Rusk, counselor at law, 161 Devonshire street, Boston, Mass.," Exhibit No. 304.

EXHIBIT 304.

J. STEUART RUSK,
COUNSELOR AT LAW,
Boston, Mass., August 16, 1911.

Mr. JAMES T. COWLEY,
Chief Engineer, Lamson Consolidated Store Service Co., Boston, Mass.

DEAR SIR: The letter of the 14th instant from the First Assistant Postmaster General to you has been referred to me.

I have examined drawings of the facing table which you propose to build for installation at the St. Louis post office. I am not aware of any United States letters patent

which the facing table constructed as proposed by you infringes. In this connection I have carefully examined patent to Malmberg No. 782,510 and the patent to Gasman & Lynch No. 857,990.

In my opinion there is no valid claim in United States patent 782,510 which would be infringed by your proposed table, and I am also of the opinion that your proposed table does not contain any of the claims in United States patent 857,990, as the elements of each of the claims in this latter patent are not found in the construction of the facing table proposed to be installed by you at St. Louis.

Very truly, yours,

J. S. Rusk.

Letter of August 16, 1911, to C. P. Grandfield, First Assistant, etc., from the Lamson Store Service Co., Exhibit No. 305:

EXHIBIT 305.

LAMSON CONSOLIDATED STORE SERVICE CO.,
161 Devonshire Street, Boston, Mass., August 16, 1911.

MR. C. P. GRANDFIELD,
First Assistant Postmaster General, Washington, D. C.

DEAR SIR: Acknowledging your favor of August 14 and with particular reference to the last paragraph I beg to say that we are advised by our legal department that the tables as we are building them do not infringe on any United States patents of other manufacturers as far as their knowledge of the matter extends.

I beg to inclose letter from our attorney covering this point.

Yours, respectfully,

LAMSON CONSOLIDATED STORE SERVICE CO.
By J. S. COWLEY, Chief Engineer.

JTC-TML.

Do you want to look at this, Mr. Britt?

MR. BRITT. No.

MR. MCCOY. We will now adjourn till 8 p. m.

Thereupon at 5 o'clock p. m. a recess was taken until 8 o'clock p. m.

AFTER RECESS.

The subcommittee was called to order at 8 p. m.

Representative Walter I. McCoy, presiding.

MR. MCCOY. Mr. Holmes, will you take the stand, please?

I offer a set of papers entitled Post Office Department, Washington, D. C., February 20, 1912. Order No. 6081, to which is annexed a paper dated February 24, 1912, entitled, "Specifications for canceling machines," annexed to which is a bid, dated Chicago, Ill., March 16, 1912, signed by the B. F. Cummins Co., by B. F. Cummins, president. This will be marked "Exhibit No. 306."

EXHIBIT No. 306.

Order No. 6081.

POST OFFICE DEPARTMENT,
Washington, February 20, 1912.

Sealed proposals will be received at the office of the purchasing agent for the Post Office Department, Washington, D. C., until 2 o'clock p. m., March 20, 1912, to rent such number of canceling machines of the different grades as may be required in the postal service during the four years beginning July 1, 1913. The number of machines that will be needed is approximately 1,875, divided as follows: Automatic high-grade electric, 450; automatic medium-grade electric, 650; nonautomatic electric, 125; hand power, 650. Bids must be submitted in the form of unit prices based upon 50 or more machines of the respective grades; also upon the entire number of machines of each grade. If submitted in any other form they will be rejected. In addition bidders may at their option submit proposals, quoting unit prices based upon the entire award.

The Postmaster General reserves the right to divide the award among the different bidders or to award the entire contract to one bidder as the interest of the department may require on the basis of cheapness and efficiency. Bidders are also requested to state the prices at which they will sell the machines to the Government.

Blanks for proposals with specifications and instructions to bidders will be furnished upon application to the purchasing agent.

(Signed) FRANK H. HITCHCOCK,
Postmaster General.

SPECIFICATIONS FOR CANCELING MACHINES.

OFFICE OF THE PURCHASING AGENT, February 24, 1912.

Automatic high-grade canceling machines must be capable of postmarking and canceling not less than 500 letters a minute and of being operated by an electric motor of not to exceed $\frac{1}{4}$ h. p. Machines must be provided with a suitable counting device.

Automatic medium-grade canceling machines must be capable of postmarking and canceling not less than 250 letters a minute and of being operated by an electric motor of not to exceed $\frac{1}{4}$ h. p.

Nonautomatic electric canceling machines must be capable of postmarking and canceling letters as rapidly as they may be fed to the machine singly by the operator.

Hand-power canceling machines must be capable of postmarking and canceling not less than 150 letters a minute.

Prices to rent the above-described machines during the four years beginning July 1, 1913, desired f. o. b. factory. A bond or certified check shall be filed with the proposal equal to 2 per cent of the amount of the proposal, conditioned that the bidder shall within ten days after being called upon to do so enter into and execute a contract.

The contractor will be required to install machines on or before July 1, 1913, in such post offices in the United States as may be designated by the department. Machines in addition to the estimated number specified may be ordered from time to time during the contract term, as the needs of the service may require, at the contract price, installation of such machines to be made within 45 days after the receipt of the order therefor. The contractor will be required to install machines furnished by him and to maintain the same in satisfactory working condition during the entire contract term without expense to the United States. Rental for machines will commence when the same have been placed in operation. If any machine becomes unserviceable and the contractor fails to make repairs when called upon to do so or furnish the necessary parts to put such machine in satisfactory working condition within ten days after notice, no rental will be paid for such machine until placed in proper condition.

If the department decides to purchase machines, such machines must be delivered f. o. b. at a place designated in the accepted proposal and must be installed by the contractor in such post office or post offices in the United States as may be designated by the department, without additional expense to the Government.

The contractor from whom machines may be purchased will be required at his own expense to correct all defects and repair all breakages which may be due to faulty workmanship or poor material at any time within one year from date of installation or such additional time as may be named in the proposal.

It is the purpose of the department to make an award as soon as practicable in order to give the successful bidder sufficient time in which to arrange for the beginning of the contract term.

The contractor from whom machines are rented or purchased will be required to protect the Government and all of its employees against suits which may arise as a result of the use by the Post Office Department of the machines furnished.

The successful bidder will be required to enter into a written contract which will, in addition to the specific requirements set forth in these specifications, provide that payments for machines delivered may be withheld if such machines do not conform to contract requirements; and if the contractor fails to make deliveries within the time specified, machines may be rented in open market and the difference in price charged to the contractor. The contractor will be required to give a bond in a sum equal to twenty per cent of the amount of one year's contract, conditioned for faithful performance.

(Signed) J. A. HOLMES,
Purchasing Agent.

Dated at Chicago, Illinois, this 16th day of March, 1912.

PROPOSAL.

The undersigned hereby propose to rent or sell the following canceling machines at the prices stated opposite the respective items:

	Esti- mated number required.	Rent per annum per machine.			Per machine on basis of entire award.	Selling price per machine.	
		50 or more.	100 or more.	Entire num- ber.		50 or more.	100 or more.
Automatic electric high-grade canceling machines, capable of postmarking and canceling not less than 500 letters a minute:							
No. 5 A.....	150	\$194	\$180	160	{ For from 150 to 450. } \$144	\$272	\$248
No. 7 B.....	300	144	132	120	{ For from 300 to 450. } 108	236	220
	450						
Automatic electric medium-grade canceling machines, capable of postmarking and canceling not less than 250 letters a minute:							
No. 7.....	325	144	132	120	{ For from 325 to 650. } 108	236	220
No. 11 C.....	325	112	104	96	84	184	170
	650						
Non-automatic electric canceling machines, capable of postmarking and canceling letters as fast as they can be fed into the machine singly by the operator:							
No. 1.....	125	112	104	84	84	210	200
Hand-power canceling machines, capable of postmarking and canceling not less than 150 letters a minute:							
No. 9 D.....	325	105	92	80	{ For from 325 to 650. } 72	216	200
No. 11 E.....	325	86	76	60	60	180	175
	650						

(Signed) THE B. F. CUMMINS Co.,
B. F. CUMMINS, *President, Bidder.*

No. 5 Mch. 20 12.

E. T. B.

N. A. M.

B. L. A.

Address: Ravenswood Station, Chicago, Ill

THE B. F. CUMMINS Co.

NOTE A.—Cummins' No. 5 canceling machine is driven by a $\frac{1}{4}$ -horsepower motor. It has an actual capacity or speed of at least 800 letters per minute, meaning by this letters $6\frac{1}{2}$ inches in length. Running at the same speed, it will cancel between 950 and 1,000 postal cards.

The speed given above is actual. No matter what kind of mail is run, it will cancel from 25 per cent to 35 per cent more than the fastest and best machine now in the service.

The actual number of pieces of mail canceled and handled in daily use will depend to a certain extent with this machine, as with all others, upon the quality and kind of mail and the skill and fidelity of the operator, but the percentage of excess speed will be as above.

NOTE B.—Cummins' No. 7 canceling machine is operated by a $\frac{1}{4}$ -horsepower motor. Its regular capacity or speed is 600 per minute.

All remarks in note A as to quality of mail being run applies also to this machine. It is, however, at least 10 per cent faster in actual use than the standard machine above referred to.

NOTE C.—Cummins' No. 11 motor-operated canceling machine has a speed or capacity of from 450 to 500 letters 6½ inches long, with a corresponding increase in the number canceled for postal cards.

The number of pieces of mail which may actually be handled per minute on this machine will vary as described in note A.

NOTE D.—Cummins' No. 9 hand-power canceling machine has a capacity or speed of from 450 to 500 letters per minute, depending upon the number of revolutions of the turret made by the operator. Experience shows that 100 to 125 are not too many to expect.

When the machine is turned at a rate of 125, it will cancel approximately 500 6½-inch letters per minute with the corresponding increase in the number of postal cards and shorter mail. With mixed mail the number of pieces actually run per minute will vary as is described in note A.

NOTE E.—Cummins' No. 11 hand-power canceling machine:

All remarks in note D apply to this, except that when run at a speed of 100 or 125 revolutions per minute it will cancel from 275 to 325 6½-inch letters per minute, and a correspondingly greater number of postal cards or shorter mail.

The conditions governing the running of mixed mail, as mentioned in note A, will apply also to this machine.

THE B. F. CUMMINS COMPANY,
By B. F. CUMMINS, *Pres.*

THE B. F. CUMMINS CO.

NOTE F.—We believe that the interests of the department will be best served, at least in our case, by using canceling machines of different capacities in all of the proposed grades except the third.

We have therefore named in three of the grades such a division and such number of machines as, in our judgment, are best suited to do this work and produce best results, both as to capacity and cost, but, having submitted unit prices in lots of fifty or more, our proposal is made with the understanding that the Postmaster General may, at his option, make such other division of the number in either grade as he may elect.

(Signed) THE B. F. CUMMINS CO.,
By B. F. CUMMINS, *President.*

TESTIMONY OF MR. JOHN A. HOLMES.

Was this exhibit, No. 306, ever referred to you, Mr. Holmes?

MR. HOLMES. It may have been, previous to the approval of the report of the committee by the Postmaster General last month.

MR. MCCOY. You mean in December?

MR. HOLMES. Yes, sir; that is, I believe, the first time I ever looked at the bid.

MR. BRITT. Let me examine that, Mr. McCoy, please, sir.

MR. MCCOY. Yes.

MR. HOLMES. All the bids have been in my possession.

MR. MCCOY. Prior to the recommendation of the committee and previous to approval by the Postmaster General?

MR. HOLMES. I do not think so.

MR. MCCOY. Subsequent to that?

MR. HOLMES. I think so.

MR. MCCOY. I also offer a paper, headed The B. F. Cummins Co., and begins "Note A," it bears no date; it is signed "The B. F. Cummins Co., by B. F. Cummins, president." That is Exhibit No. 307.

EXHIBIT 307.

THE B. F. CUMMINS CO.

NOTE A.

Cummins' No. 5 canceling machine is driven by a one-fourth horsepower motor. It has an actual capacity or speed of at least 800 letters per minute, meaning by this letters 6½ inches in length. Running at the same speed it will cancel between 950 and 1,000 postal cards.

The speed given above is actual. No matter what kind of mail is run, it will cancel from 25 per cent to 35 per cent more than the fastest and best machine now in the service.

The actual number of pieces of mail canceled and handled in daily use will depend, to a certain extent, with this machine as with all others, upon the quality and kind of mail and the skill and fidelity of the operator, but the percentage of excess speed will be as above.

NOTE B.

Cummins's No. 7 canceling machine is operated by a one-fourth horsepower motor. Its regular capacity or speed is 600 per minute.

All remarks in note "A" as to quality of mail being run applies also to this machine. It is, however, at least 10 per cent faster in actual use than the standard machine above referred to.

NOTE C.

Cummins's No. 11 motor-operated canceling machine has a speed or capacity of from 450 to 500 letters 6½ inches long, with a corresponding increase in the number canceled for postal cards.

The number of pieces of mail which may actually be handled per minute on this machine will vary as described in note "A."

NOTE D.

Cummins's No. 9 hand-power canceling machine has a capacity or speed of from 450 to 500 letters per minute, depending upon the number of revolutions of the turret made by the operator. Experience shows that 100 to 125 are not too many to expect.

When the machine is turned at a rate of 125, it will cancel approximately 500 6½-inch letters per minute, with the corresponding increase in the number of postal cards and shorter mail. With mixed mail the number of pieces actually run per minute will vary as is described in note "A."

NOTE E.

Cummins's No. 11 hand-power canceling machine. All remarks in note "D" apply to this, except that when run at a speed of 100 or 125 revolutions per minute, it will cancel from 275 to 325 6½-inch letters per minute, and a correspondingly greater number of postal cards or shorter mail.

The conditions governing the running of mixed mail, as mentioned in note "A," will apply also to this machine

THE B. F. CUMMINS CO.,
By B. F. CUMMINS, *President*.

And another paper, with The B. F. Cummins Co. printed on it, and begins Note F. It is signed the same way. That is Exhibit No. 308.

THE B. F. CUMMINS CO.

NOTE F.

We believe that the interests of the department will be best served, at least in our case, by using canceling machines of different capacities in all of the proposed grades, except the third.

We have therefore named in three of the grades such a division and such number of machines as in our judgment are best suited to do the work and produce best results both as to capacity and cost, but having submitted unit prices in lots of 50 or more, our proposal is made with the understanding that the Postmaster General may at his option make such other division of the number in either grade as he may elect.

THE B. F. CUMMINS CO.,
By B. F. CUMMINS, *President*.

You say, Mr. Holmes, that you think that Exhibit No. 306 was in your possession after approval by the Postmaster General of the recommendation of the canceling machine committee on the basis of March 20, 1912?

Mr. HOLMES. Yes, sir.

Mr. McCoy. Look at No. 307 and see whether you think that came into your possession at about the same time.

Mr. HOLMES. I don't remember anything about this.

Mr. McCoy. I show you Exhibit No. 308. Did that come into your possession?

Mr. HOLMES. I don't know; I don't remember seeing it. I believe, probably, I had better make an explanation.

Mr. McCoy. All right.

Mr. HOLMES. When the report of the committee was referred to me I asked for the bids, for the information of the law clerk in the office who was to draw up the awards; he had possession of the bids, but whether or not those papers were with them I can not say. I didn't look at them myself.

Mr. McCoy. I call your attention to Exhibit No. 306. Under the first item, automatic electric high-grade canceling machines, etc.; also to the second item, automatic electric medium-grade canceling machines, etc.; also to item four, hand-power canceling machines, capable of postmarking and canceling not less than 150 letters a minute. I wish you would examine those three items and the figures opposite them carefully, and when you have done so let me know.

Mr. HOLMES (after examining paper). You mean the first, second, and fourth of these items?

Mr. McCoy. Yes; the first, second, and fourth items and the figures opposite them.

Mr. HOLMES. You mean for me to read them over?

Mr. McCoy. I want you to examine those figures and then I am going to—examine what is written in as well as what is printed.

Mr. Holmes examines paper.

Mr. McCoy. Is it your opinion that that is a regular bid or an irregular one?

Mr. HOLMES. Could you tell me in what respect you mean as to regularity?

Mr. McCoy. I would call your attention to the fact that under the first item a bid is called for on 450 machines. I call your attention to the figures above the figures "450" and to the figures opposite the figures that are above the figures "450." I also call your attention to the figures under the heading "Per machine on the basis of entire award."

Mr. HOLMES. I don't understand the bid as to this particular—"per machine on the basis of entire award."

Mr. McCoy. Let me ask you more specifically: Opposite the designation, "Automatic electric high-grade canceling machines capable of postmarking and canceling not less than 500 letters a minute" and under the heading, "Estimated number required," there is, first, No. 5, then A, with a circle around it, and 150. Then there appears No. 7, and opposite that another A, with a circle around it, and 300; and then those figures are totaled to 450. Under "50 or more," opposite the figure "5," is the figure "194"; opposite the figure "7," "144." Now, follow that line across there and interpret the bid and say what it is, on the face of the bid, that the Cummins Co. has bid upon?

Mr. HOLMES. The first column, "Estimated number required," he bids on machine No. 5, which he designates as "A" bid, as I take it, on A machine, or No. 5—I suppose one is the bid and the other the machine—150 machines; and, then, in the same column, No. 7 machine, B, 300 machines; making a total of 450.

Mr. McCoy. Let me see that paper, please. I want you to read the writing on there—that is, B, opposite No. 7—read all the figures opposite No. 7 and opposite what is printed on there—automatic electric high-grade canceling machines, etc.—and interpret the bid on that particular item. What has the Cummins Co. offered to furnish and what have they offered to furnish it at?

Mr. HOLMES. Well, the estimated number—that is, 450—they have divided into two classes—A, 150—

Mr. McCoy. Meaning the number of machines?

Mr. HOLMES (continuing). And B, 300. A is also known as No. 5, and B as No. 7.

Mr. McCoy. So they split their bid?

Mr. HOLMES. Meaning two machines, I suppose.

Mr. McCoy. And bid different prices for 50 or more of each kind, haven't they?

Mr. HOLMES. Under "50 or more" A is \$194, and the price of B is \$144.

Mr. McCoy. Under "100 or more" they bid on 150, \$180, and B, \$132. Now, then, on the entire number, what is their bid?

Mr. HOLMES. That is for—

Mr. McCoy. For 450.

Mr. HOLMES. \$160, and B, \$120.

Mr. McCoy. Do you find any bid there for 450 machines?

Mr. HOLMES. I don't know what the entire number relates to.

Mr. McCoy. The entire number is 450. That is specified there.

Mr. HOLMES. Yes; but I don't know whether they have bid on that. I don't know what they mean by estimated number required. The estimated number required is 450. They say estimated number required is 150 of A and 300 of B. The entire number is higher than the—well, I don't know what that means.

Mr. McCoy. In other words, you don't know what that bid means, do you?

Mr. HOLMES. I don't know what that particular column means.

Mr. McCoy. I call your attention to the second item—automatic electric medium-grade canceling machines, etc.—calling for 650. I wish you would read the figures opposite that and say whether you can tell what the proper interpretation of that bid is?

Mr. HOLMES. Well, now, of course, in interpreting this I ought to have his letter.

Mr. McCoy. I am going to give you his letter later.

Mr. HOLMES. Under automatic electric medium-grade canceling machines capable of postmarking and canceling not less than 250 letters a minute, two numbers are given, 7 and 11, meaning the machines. No. 11 has a C after it, and the total number, 650, which is the number I suppose he proposes to furnish, although under the column "estimated number required" there is 325 of each. The No. 7, 50 or more, is \$144; No. 11 C, 50 or more, \$112; 100 or more of 11 C, \$104.

Mr. McCoy. Read what is there after the entire number.

Mr. HOLMES. Entire number, No. 7, \$120; yes; that is right; it is explained here in brackets; that relates to this "entire number" column.

Mr. McCoy. Yes.

Mr. HOLMES. But I don't know just what it means. The entire number is \$120 of No. 7 and \$96 of 11 C. Now, in parentheses, it reads, "from 325 to 650."

Mr. McCoy. What is bid for the entire number of 650?

Mr. HOLMES. I should say \$120 and \$96, respectively, from 325 to 625 of each; that is, taking that column by itself.

Mr. McCoy. Those prices are bid, provided he gets anywhere from 325 to 650 awarded to him?

Mr. HOLMES. I should think so; either one.

Mr. McCoy. What does the next column mean?

Mr. HOLMES. "Per machine on the basis of entire award." No. 7, \$108; No. 11 C, \$84.

Mr. McCoy. Now, go to the fourth item. What does that call for?

Mr. HOLMES. Hand-power canceling machines capable of post-marking and canceling not less than 150 letters a minute, No. 9 D and 11 E machines, estimated number required, 650. He bids to furnish 325 of each; 50 or more No. 9, \$105; 50 or more No. 11, \$86; 100 or more No. 9, \$92; 100 or more No. 11, \$76. Entire number, No. 9, \$80; entire number, No. 11, \$66; then, in brackets after both, "for from 325 to 650." Under "per machine on the basis of entire award," No. 9 D, \$72, and No. 11 E, \$60.

Mr. McCoy. Now, take Exhibit No. 307 and Exhibit No. 308, which accompany the bid, and read them.

Mr. Holmes examined papers handed him.

Mr. McCoy. Now, after reading those, do you say that the figures which are here [indicating] in ink, in brackets, go with the column "entire number" or with the column "per machine on the basis of entire award"?

Mr. HOLMES. This does not explain the bid. It is an explanation of the capabilities of the machines.

Mr. McCoy. Doesn't Exhibit No. 308, in the last paragraph, explain the bids? What do you say about the question as to whether or not the figures in brackets on this Exhibit No. 306 belong under the column "entire number" or under the column "per machine on the basis of entire award"?

Mr. HOLMES. I don't know whether I understand it. I don't think it belongs to the column "per machine on the basis of entire award" when their bid is for from 150 to 450. I am not familiar enough with it to say; but I think the brackets relate to the entire number column, because it begins in the column of entire number.

Mr. McCoy. The brackets and the figures are all under them.

Mr. HOLMES. I know. It would be included by being printed in that column.

Mr. McCoy. Well, now, there is at least a doubt about it, isn't there, as to where they belong?

Mr. HOLMES. Well, I have no doubt about it. I know where I would put it, just because of the brackets there. I don't really know from the short study I have made of this paper whether or not they

should be included to go there or not; but I think that they belong there.

Mr. McCoy. Under the entire number?

Mr. HOLMES. Yes.

Mr. McCoy. What do you say as to the propriety, from your point of view of proper bidding, of a bidder splitting his bid as it is split there on Exhibit No. 306? On the question of regularity, I am speaking now.

Mr. HOLMES. I will have to read the specifications. [After examining papers:] He intends to bid on both machines in that class. I should say he could do that.

Mr. McCoy. You say you think he could split up the total of 450?

Mr. HOLMES. I should say that if we called for bids for 450 machines capable of doing certain work, if he could submit two kinds of machines, making up that entire number, that would comply with the specifications, and offer them at different prices, or without offering them at different prices, that that would be all right.

Mr. McCoy. Could anybody accepting that bid make the entire award of 450 machines on the basis of the lowest price named for both?

Mr. HOLMES. So far as this bid itself is concerned, he only offers 300, and then he says, in brackets, for from 300 to 450. That is what he says in this paper. That is just a form of suggestion to the Postmaster General, who could make such other division of the number as he might elect.

Mr. McCoy. Make such division of either grade as he might elect? Is that what you mean?

Mr. HOLMES. It is pretty hard to tell what he means. I will write you my opinion on the whole matter, if you want me to; but it is pretty hard to do that off-hand.

Mr. McCoy. You say this was a proper bid to be submitted?

Mr. HOLMES. I would have to study the matter further and make up my mind before I could do that.

Mr. McCoy. I wish you would, Mr. Holmes. We will, then, put into your possession Exhibits Nos. 306, 307, and 308; and if you can, by some time to-morrow—preferably to-morrow—reach a conclusion on those points I would be much obliged.

Mr. BRITT. Do I understand you are asking him to give an interpretation of the whole bid, the meaning of it?

Mr. McCoy. Surely; take the whole bid as it stands.

Mr. BRITT. And give you a written interpretation?

Mr. McCoy. I don't care, whether in writing, or if he will come here as a witness and testify as to whether or not, in his opinion that is a regular bid.

Mr. BRITT. He can use his own methods, so far as the department is concerned.

Mr. McCoy. But, we want the whole thing passed on; not just a portion of it. Those are the only papers furnished us, except the bond, and I presume that doesn't affect that question at all, does it?

Mr. BRITT. No.

Mr. McCoy. If you think it does you might as well take the bond, too.

Mr. BRITT. No; just anything in explanation of the bid.

Mr. McCoy. The only other things that came to the committee was the envelope and the bond. There is the bond; perhaps you had better take that. It is not an exhibit.

Did you produce a form of contract such as is usually entered into by the department, the Post Office Department, for the purchase of articles such as labor-saving devices? I believe you have previously furnished a form, but we have mislaid it.

Mr. HOLMES. I have one right here. [Handing paper to Mr. McCoy.]

Mr. McCoy. I offer a copy of a contract made the 24th day of October, 1912, between the United States, by the Postmaster General, and the B. F. Cummins Co. That will be Exhibit No. 309.

EXHIBIT No. 309.

(Copy.)

(In triplicate.)

This contract made this 24th day of October, in the year of Our Lord one thousand nine hundred and twelve, by and between the United States of America (by the Postmaster General), of the first part, and the B. F. Cummins Company, of Chicago, in the State of Illinois, of the second part;

Witnesseth: That whereas the Postmaster General heretofore, to wit, on the twelfth day of June, one thousand nine hundred and twelve, caused to be published, pursuant to law, a certain advertisement of the date last aforesaid, inviting proposals for furnishing machines for facing and automatically stacking mail;

And whereas, in response to said advertisement, certain proposals were received in the Post Office Department for supplying to the said department in such quantities, and in such quantities at a time, and from time to time, as the same may be ordered during the fiscal year beginning July 1, 1912, and ending June 30, 1913, the machines hereinafter specified;

And whereas, the proposal of the said party of the second part was accepted and contract therefor awarded to said party;

Now, therefore, the said party of the second part hereby covenants and agrees to and with the said party of the first part, as follows, to wit:

1. That the said party of the second part shall and will deliver at its sole risk and expense as they may be ordered by the Postmaster General during the fiscal year ending June 30, 1913, Cummins pick-up tables of the kind described in the specifications included in its proposal at the prices hereinafter named, as follows, to wit:

Eight-pocket capacity, \$1,550.00 each.

Five-pocket capacity, \$1,250.00 each.

Minor parts of the said pick-up table to be furnished, if desired, at the prices given in the list submitted with proposal.

2. That the Cummins pick-up tables and the different parts and appliances to be furnished by the said party of the second part shall fully conform in all instances to the requirements of the specifications and blue print included in its proposal, which said proposal and specifications shall be deemed and taken as forming a part of this contract, with the like operation and effect as if the same were incorporated herein.

3. That the said party of the second part shall and will deliver f. o. b. at Chicago, Illinois, the Cummins pick-up tables, appliances and attachments, agreed by it to be supplied under this contract, within the time specified in its proposal, properly packed and addressed for shipment, as follows, to wit:

"Delivery of entire quantity to be made within 70 days after receipt of order. Deliveries to commence within 10 days after receipt of order and to continue at the rate of two per week."

4. That the Postmaster General may withhold payment for the pick-up tables, appliances, and attachments furnished if it shall appear to his satisfaction that, in any particular, this contract has not been complied with by the said party of the second part.

5. That notwithstanding any of the equipment supplied under this contract may have been accepted, or paid for, by the party of the first part, if it shall subsequently be ascertained that any of such equipment is inferior to or different from the equipment described in this contract, the said party of the first part may require the party of the second part to replace such defective equipment with other equipment which, in the

opinion of the Postmaster General, conforms to the requirements of this contract, without cost to the party of the first part.

6. That the party of the second part will correct all defects in mechanism, repair all breakages due to faulty workmanship or defective material, and will replace all worn or unserviceable parts in any of the tables or appliances delivered by it under this contract at any time within one year from date of delivery, without cost to the party of the first part.

7. That if at any time during the continuance of this contract there has been, in the opinion of the Postmaster General, a failure on the part of the party of the second part to furnish the pick-up tables or appliances agreed by it to be supplied, an attempt by said party to impose upon the Post Office Department equipment different from or inferior to the equipment contracted for, or a failure in any other respect faithfully to perform any of the covenants, stipulations, or agreements, or this contract on its part to be performed, the Postmaster General may annul this contract, invite new proposals, and award a new contract for such equipment.

8. That the pick-up tables, attachments, and appliances herein agreed to be supplied by the party of the second part shall not infringe any patent or which the said party of the second part is not the patentee or assignee, and which the said party is not lawfully entitled to sell or transfer for the purpose of this contract, and that the said party of the second part will at all times well and truly save, keep, and bear harmless and fully indemnify the United States, and any or all of its officers and agents, from and for all damages and claims for damages, costs, and expenses, in law and equity, that may at any time arise or be set up on account of any infringement of the patent rights of any person or persons, by the use by the United States, or any of its officers or agents, or any of the articles to be supplied under this contract.

9. That no material or supplies the purchase of which is contemplated by this contract shall be manufactured by convict labor.

10. That at any time during the continuance of this contract the Postmaster General may require new or additional sureties upon the bond hereto annexed, if, in his opinion, such sureties are necessary for the proper protection of the interests of the United States; and that the party of the second part shall furnish such sureties to the satisfaction of the Postmaster General within ten days after notice so to do; and in default thereof this contract may be annulled, at the option of the Postmaster General.

11. That no Member of or Delegate to Congress shall be admitted to any share or part of this contract or to any benefit to arise thereupon.

12. That neither this contract nor any order given thereunder or interest therein shall be transferred or assigned by said party of the second part, and any such transfer or assignment shall cause the annulment of such contract or order, so far as the United States are concerned; all rights of action, however, for any breach hereof by the party of the second part being reserved to the United States.

13. That the annulment of this contract, under any stipulation, reservation, or agreement herein contained, or any action taken by or on behalf of the United States in consequence or by reason of such annulment, shall not release or impair its obligation upon the party of the second part and the sureties on its said bond, or defeat or in any wise affect any right, claim, or interest of the United States arising or accruing hereunder; but the liability of said party and its sureties in respect of such right, claim, and interest shall subsist, notwithstanding such annulment and action, and as fully as if this contract in all respects continued in force and effect.

14. That all acts done by the purchasing agent for the Post Office Department in respect of this contract, including all orders for pick-up tables and appliance issued in pursuance hereof, the examination, acceptance, or rejection of equipment furnished hereunder, the making or withholding of payment for such equipment, and all other acts authorized by statute or any regulation of the Post Office Department not inconsistent with law, shall be deemed and taken, for all purposes, to be the acts of the Postmaster General, within the meaning and intent of this contract.

In consideration of the delivery by the party of the second part of the pick-up tables and attachments and of its performance of all the other of the foregoing covenants, stipulations, and agreements on its part to be kept or performed, each and all of which are hereby made conditions of this contract, the United States, party of the first part, covenants and agrees to and with the said the B. F. Cummins Company of the second part, to order of said second party all pick-up tables, appliances, and attachments of the character specified and described in this contract which may be required by the Post Office Department during the period beginning July 1, 1912, and ending June 30, 1913, and to pay to said second party the prices hereinbefore specified, such payments to be made after proper examination and adjustment of accounts.

In witness whereof the said Postmaster General has hereunto affixed his signature and caused the same to be attested by the seal of the Post Office Department on the day and year first above written.

[SEAL OF THE POST
OFFICE DEPARTMENT.]

(Signed) F. H. HITCHCOCK,
Postmaster General.

Signed, sealed, and delivered by the Postmaster General in the presence of Walter E. Paul.

And the said party of the second part has caused these presents to be executed in its corporate name by B. F. Cummins, its president, and its corporate name to be affixed hereto, duly attested by F. G. Murray, its secretary, this 1st day of October, 1912.

Witnesses:

[SEAL OF THE
B. F. CUMMINS COMPANY.]

THE B. F. CUMMINS CO.,
B. F. CUMMINS, President.

Attested:

F. G. MURRAY,
Secretary.

Approved as to fact:

J. A. HOLMES,
Purchasing Agent for the Post Office Department.

Date: October 5, 1912.

Approved as to form:

R. P. GOODWIN,
Assistant Attorney General for the Post Office Department.

Date: Oct. 11, 1912.

You have produced, Mr. Holmes, the form of contract, a printed blank form of contract. Is Exhibit No. 309 in the form of the printed blank, filling in the things necessary to make it apply to the contract between the Government and the B. F. Cummins Co. on that date?

Mr. BRITT. On canceling machines or pick-up tables?

Mr. McCoy. On pick-up tables.

Mr. HOLMES. I think so.

Mr. McCoy. It is the regular form?

Mr. HOLMES. It is the regular form for purchase; it would not be the form for rental.

Mr. McCoy. This was a purchase of pick-up tables?

Mr. HOLMES. Yes, sir.

Mr. McCoy. I wrote the Postmaster General, asking him for a reference to the law under which contracts are let. I have not a copy of the letter here, but I sent that letter to the department; did you see it?

Mr. HOLMES. Asking that I prepare something? Yes, sir; I have been reading the laws a good deal for the last few years, but I don't know just what your letter meant.

Mr. McCoy. Have you a copy of the letter here?

Mr. HOLMES. No, sir; I have not. However, I brought along a copy of the regulations governing the office of the purchasing agent.

Mr. McCoy. Have you brought a copy of the letter, you say?

Mr. HOLMES. No, sir.

Mr. McCoy. But you have a copy of the law and regulations governing the office of purchasing agent?

Mr. HOLMES. Yes, sir. Your letter, as I recall it, asked for a brief memorandum of all laws relating to the hiring and purchase of labor-saving devices.

Mr. BRITT. What was the date of the letter?

Mr. McCoy. Either December 30 or 31.

Mr. HOLMES. December 31; I received it on the 2d.

Mr. MCCOY. I gave Mr. Britt my only copy of it the other day, because you said the original had not turned up.

Mr. BRITT. Yes; I recall it now.

Mr. HOLMES. Any laws or regulations governing the office of the purchasing agent would apply to this thing, as they would apply to every purchase; but what you want here are the laws governing the purchase of supplies.

Mr. MCCOY. The appropriation bill covers some of these matters, so far as your office is concerned; but I thought you could give me a reference to any law, for instance, covering the time allowed for submitting bids for the rental of machines of any kind.

Mr. HOLMES. Yes, sir.

Mr. MCCOY. In fact, all laws that affect either the buying of devices, under the bureau of the First Assistant Postmaster General, or the renting of them, or any law that governs those matters, regarding the time when you must advertise—if you do have to advertise—and when you have to advertise. I made a note at the beginning of these hearings that those laws would be furnished and inserted at the end. So, if you can take the time just to give us the necessary references, I would be much obliged.

Mr. HOLMES. Yes, sir; I am doing it now.

Mr. MCCOY. Did you prepare that memorandum, do you remember [showing witness paper]?

Mr. HOLMES. No, sir; I did not prepare it.

Mr. MCCOY. Well, I will ask you to keep this; it came from the Postmaster General; bring it along with the other things when you return them.

Mr. HOLMES. Yes, sir; this is a sort of ruling of the Comptroller.

Mr. MCCOY. Yes. Just bring that along with the other things.

Now, is there any law, any statute law, in regard to who shall not be allowed to act on a committee to open bids?

Mr. HOLMES. I don't know of any.

Mr. MCCOY. You don't know of any regulation forbidding any persons of certain classes from being on a committee to open bids?

Mr. HOLMES. There is a regulation of the department about that; I don't know of any law.

Mr. MCCOY. Is there any regulation of the department?

Mr. HOLMES. There is.

Mr. MCCOY. And what is that regulation, and where can we find it? I will ask you that first: Where can we find it? Mr. Britt, have you a copy of the department's regulation regarding this matter?

Mr. BRITT. No, sir; I have not; but I believe that is in the annual report.

Mr. MCCOY. Mr. Ashbrook, have we a recent copy of the postal laws and regulations?

Mr. ASHBROOK (handing book to Mr. McCoy). This is the last one.

Mr. MCCOY. Yes, this is the last one, Mr. Holmes says.

Mr. BRITT. That is the last one without the inserted amendments.

Mr. MCCOY. I will read now from the postal laws and regulations of 1902, page 54, section 70:

The head of the bureau, the chief clerk of the Post Office Department, the chief of division who certifies to the correctness of any bill or account contracted for or

through his division, or a clerk below the grade of class 2, shall not be a member of any board or committee to open bids or proposals to classify or pass upon any contract. The officers named above may be called upon to advise a committee or board and render such assistance as may be deemed advisable, etc.

Who was the chairman of the committee that opened the bids for canceling machines which were opened on October 31, 1912?

Mr. HOLMES. I think Mr. Bushnell was.

Mr. McCoy. Was he within the description or any of the descriptions in section 70?

Mr. HOLMES. I would not like to say.

Mr. McCoy. Mr. Bushnell—

Mr. BRITT. He is not here this evening, Mr. McCoy.

Mr. McCoy. Dr. Grandfield, was Mr. Bushnell within any of the classifications mentioned in this section at the time these bids were opened?

Dr. GRANDFIELD. He is chief clerk in the bureau of the First Assistant Postmaster General.

Mr. McCoy. That makes him chief of a division, doesn't it?

Dr. GRANDFIELD. No; chief clerk. Mr. Bushnell might come under this special classification by reason of the fact that he is acting First Assistant in the absence of the bureau chief. I believe, however, that an order signed by the Postmaster General would waive a regulation in that case; that is to say, an order appointing him a member of a committee would be equivalent to waiving the regulation.

Mr. McCoy. Dr. Grandfield, was Mr. Bushnell also the chairman of the committee which opened bids for canceling machines on March 20, 1912?

Dr. GRANDFIELD. Yes, sir.

Mr. McCoy. Is there anything in the law, Dr. Holmes, prescribing the length of time for which bids must be advertised for before they are opened?

Mr. HOLMES. I don't know of any such law.

Mr. McCoy. Or any regulation?

Mr. HOLMES. I do not know of any.

Mr. McCoy. There is no requirement, for instance, that you must advertise for a period of at least 10 days?

Mr. HOLMES. No; three or more, when practicable.

Mr. McCoy. There is a regulation to that effect?

Mr. HOLMES. Yes, sir.

Mr. McCoy. In other words, never less than three days?

Mr. HOLMES. When practicable; it can be any length of time.

Mr. McCoy. Have you any control of any kind whatever over the appropriation for the maintenance of mechanical labor-saving devices? I think the appropriation reads for the purchase and maintenance—

Mr. HOLMES (interrupting). I have no control over any appropriation.

Mr. McCoy. I offer in evidence a letter of October 28, 1911, directed to Hon. F. H. Hitchcock, Postmaster General, Washington, D. C., signed by the B. F. Cummins Co., by B. F. Cummins, president. That is Exhibit No. 310.

EXHIBIT No. 310.

Canceling machines.
Pick-up tables.
Automatic distributing cases.
Post office labor saving devices.

Mr. Bushnell. November 3, 1911. C.P.G.
Received, November 3, 1911. E.T.B.

THE B. F. CUMMINS Co.,
Ravenswood Station, Chicago, Ill., October 28, 1911.

Hon. F. H. HITCHCOCK,
Postmaster General, Washington, D. C.

SIR: We intend to file our proposal for canceling machines in response to your request for proposal dated July 24, 1911, order No. 5668, which proposal we will file with J. A. Holmes, purchasing agent of the Post Office Department, not later than 2 o'clock p.m., October 31, 1911.

Our bid will be for the entire number of canceling machines required, etc., and we will not desire, at the present time, to bid separately on the different kinds of machines required, but, realizing that it is not possible for the department to tell in advance what additional machines will be required in each class, we will state in this letter to you the prices at which we will furnish these different machines during the four-year period covered by this proposal, with the request that this information be not imparted to competitors until at least after the award has been made.

We are making this statement and giving you this information in advance of the filing of our proposal, believing that it is proper for us to do so.

We will furnish the 411 automatic high-grade canceling machines, capable of postmarking and canceling not less than 500 letters a minute, being your first specification, at \$197 each per year.

We will furnish the 685 automatic medium-grade canceling machines, capable of postmarking and canceling not less than 250 letters a minute, at \$94 each per year.

We will furnish the 237 non automatic electric canceling machines, capable of postmarking and canceling not less than 100 letters a minute, and 516 hand power canceling machines, capable of postmarking and canceling not less than 150 letters a minute, for the sum of \$71 each per year.

We would like to have our purpose in submitting these figures to you in advance of our proposal clearly understood. By having the whole contract it is possible for us to make the figures given in our proposal, but we could not and would not furnish any part of it at the figures given, the total of which go to make up our entire proposal.

This being our position and our intention, it has seemed to us proper to hand you this letter in advance of our proposal instead of handing it to you after the proposal has been handed in.

Very truly, yours,

THE B. F. CUMMINS Co.,
By B. F. CUMMINS.

BFC-EB.

(Stamped:) First Assistant Postmaster General. Received October 30, 1911.

On this exhibit No. 310 is indorsed "To Mr. Bushnell, November 3, 1911. C. P. G." Is that writing that I have just read Dr. Grandfield's?

Mr. HOLMES. Yes, sir.

Mr. MCCOY. On there I find also "Received November 3, 1911. E. T. B." Those initials are Mr. Bushnell's initials, are they not?

Mr. HOLMES. Yes, sir.

Mr. MCCOY. When, if at all, did you first see this Exhibit No. 310, Dr. Holmes?

Mr. HOLMES. I don't know; probably at the time I wrote the letter to the Assistant Attorney General asking for an opinion.

Mr. MCCOY. That was in January, 1912, wasn't it?

Mr. HOLMES. Yes, sir.

Mr. MCCOY. And you think this had not been called to your attention prior to about that time?

Mr. HOLMES. Yes, sir; it had been called to my attention, but I had not seen it, I don't believe.

Mr. McCoy. Who called your attention to it before it was shown to you?

Mr. HOLMES. When a protest was made against the Cummins Co. it was forwarded to the committee, and I think Mr. Bushnell, or somebody else on the committee, informed Mr. Austin, the law clerk of my office, that such a letter as that had been received, and I think he brought it to my attention.

Mr. McCoy. But the protest didn't refer in any way to Exhibit No. 310?

Mr. HOLMES. I don't think that it did.

Mr. McCoy. The protest is Exhibit C, page 19 of this record.

Mr. HOLMES. Yes; the protest referred to the Cummins bid.

Mr. McCoy. It is directed to the purchasing agent and is dated October 31, 1911. [Reading:]

We beg to protest against the bid made by the B. F. Cummins Co., of Chicago, Ill., as being not responsive to the specifications.

The specifications call for bids on four specific items, while the Cummins bid names one lump sum for the entire award of all models, and does not give the items, as the specifications call for.

That is the protest.

Mr. HOLMES. Yes, sir; it was received at the office of the purchasing agent at a time when I was absent. The bids were opened, and it was referred, in some way, to the committee, as was the custom; but later on, I suppose, the law clerk informed me of this letter.

Mr. McCoy. How soon after the date of this protest—October 31—did it come to your attention; that is, the protest?

Mr. HOLMES. Why, I suppose as soon as my return to the office; I don't know, really, when it was.

Mr. McCoy. The protest was dated October 31?

Mr. HOLMES. Yes, sir.

Mr. McCoy. How soon after that date did you come back to the office?

Mr. HOLMES. I do not know.

Mr. McCoy. About how soon?

Mr. HOLMES. I don't know; maybe a day or two later.

Mr. McCoy. Had the protest, in the meanwhile, been referred by your assistant, or the acting purchasing agent, to the canceling-machine committee?

Mr. HOLMES. It had.

Mr. McCoy. So, it was not in the office when you came back?

Mr. HOLMES. I really don't know about that.

Mr. McCoy. Well, now, did you hear of this Exhibit No. 310 at about the same time that you were informed that the protest had been received?

Mr. HOLMES. Yes, sir; I think at about the same time.

Mr. McCoy. About the same time; and what did you do, if anything, in regard to the protest, and to this Exhibit No. 310?

Mr. HOLMES. Well, there was nothing for me to do. The Postmaster General's committee had the bids, and until they surrendered them and made a report I had no function in the matter.

Mr. McCoy. Did you have any conversation with Mr. Bushnell, or any other member of the canceling-machine committee, in regard to the protest, and to this secret bid, Exhibit No. 310?

Mr. HOLMES. I don't believe I ever talked with any member of the committee, except Mr. Bushnell, about it.

Mr. McCoy. You did talk with him about these two papers?

Mr. HOLMES. Yes, sir.

Mr. McCoy. When did you have your conversation with him?

Mr. HOLMES. I do not recall.

Mr. McCoy. As closely as you can remember.

Mr. HOLMES. I could not say; two weeks or a month. I should say within a month.

Mr. McCoy. Did you discuss both of them with him at the same time when you did discuss them?

Mr. HOLMES. I don't know.

Mr. McCoy. Do you remember whether or not he expressed any opinion as to the validity of the protest?

Mr. HOLMES. We talked about it and I advised him to get an opinion.

Mr. McCoy. Is that the first time you talked to him about it?

Mr. HOLMES. I do not remember.

Mr. McCoy. What opinion did he express as to the validity of the bid and the basis of the protest?

Mr. HOLMES. I do not know whether he expressed any opinion to me.

Mr. McCoy. Did he express any opinion to you as to the validity of the bid as affected by this Exhibit No. 310?

Mr. HOLMES. What is Exhibit No. 310?

Mr. McCoy. Exhibit No. 310 is this letter to the Postmaster General from the B. F. Cummins Co., in which they give a bid for the several items called for by the advertisement, and is the bid which you referred to, a copy of which you referred to the Assistant Attorney General, and which he said was improper to be considered.

Mr. HOLMES. The whole thing was in relation to this letter. I had not considered the bid satisfactory, and stated that in my opinion as the Postmaster General had advertised that all bids would be opened in the office of the purchasing agent at a certain hour, no other bids could be considered.

Mr. McCoy. You considered that a bid, didn't you?

Mr. HOLMES. I don't know whether I did or not. Well, I don't think I had seen it at that time. The specifications called for unit prices and my recollection is that I had not seen this at the time I talked to him. I don't believe I had seen the bid.

Mr. McCoy. When was this Exhibit No. 310, which you have in your hands, first called to your attention?

Mr. HOLMES. You mean the physical fact of presenting this to me?

Mr. McCoy. No; the fact that such a paper had been submitted to anybody.

Mr. HOLMES. Well, as I say—probably I can not fix the date; but it was several days after the bids were opened that I was informed that the protest had been made.

Mr. McCoy. Was this Exhibit No. 310 called to your attention at about the same time that the protest was called to your attention? That is what I want to know. When you first discussed them with Mr. Bushnell, did you have under consideration not only the point that the bid which had been opened publicly did not contain prices

on the several items, and also the fact that this Exhibit No. 310 had been submitted? Did you talk these two things over together?

Mr. HOLMES. Exactly.

Mr. McCoy. Did Mr. Bushnell express any opinion as to the legality of the procedure involving the nature of this Exhibit No. 310?

Mr. HOLMES. I said I didn't remember whether he did express an opinion or not.

Mr. McCoy. Was it at that conversation that you advised that the Assistant Attorney General be asked for an opinion?

Mr. HOLMES. Yes. I would like to say that I am certain Mr. Bushnell did not say that it was legal; but I don't recollect that he expressed a definite opinion about it.

Mr. McCoy. Now, before you expressed your opinion in regard to the irregularity of this bid of the Cummins Co., had anybody suggested to you that in his opinion it was irregular? Or did you reach your conclusion without having it suggested by anybody else?

Mr. HOLMES. Well, I suppose there was some talk in my office about it; it may have originated with me, or it may have been suggested to me.

Mr. McCoy. Did anybody outside your own immediate office make this suggestion to you?

Mr. HOLMES. At that time?

Mr. McCoy. No; I mean prior to the time when you first expressed the opinion that it was irregular?

Mr. HOLMES. I don't think so.

Mr. McCoy. In other words, you reached that conclusion on inspection of the papers—

Mr. HOLMES (interrupting). No; I did not have the papers. I reached that conclusion from what was told me in the office.

Mr. McCoy. Did you ever have any conversation with Dr. Grandfield in regard to the irregularity of this bid?

Mr. HOLMES. Yes.

Mr. McCoy. Was that prior to the time when you wrote for the opinion?

Mr. HOLMES. Yes.

Mr. McCoy. How long prior?

Mr. HOLMES. Well, we had at least one conversation about it. Dr. Grandfield thought it was a regular bid, and he seemed to be impressed with what I said about it, and my recollection is that we decided that we should withdraw the papers and present the matter to the Assistant Attorney General.

Mr. McCoy. When was that?

Mr. HOLMES. I don't remember the date; some time in January.

Mr. McCoy. Did you call the matter to Dr. Grandfield's attention, or did he call it to your attention?

Mr. HOLMES. Well, I don't know; it came up in a discussion. He probably called it to my attention.

Mr. McCoy. Was it in connection with the question of whether or not you should go ahead and make the award?

Mr. HOLMES. How do you mean?

Mr. McCoy. I mean, was the purpose of that conversation to determine whether or not the award should be made under these bids?

Mr. HOLMES. No; it was not for the purpose of taking up the award, for the papers were not with me. The papers were not in my hands then.

Mr. McCoy. The papers were still in the possession of the canceling-machine committee?

Mr. HOLMES. Yes, sir.

Mr. McCoy. And you think this conversation was just a casual one?

Mr. HOLMES. Yes, sir.

Mr. McCoy. Now, in your letter to the Assistant Attorney General, Dr. Holmes, you say, reading from Exhibit C, page 19 of the record:

On the day following the opening of the bids this office was informed that the B. F. Cummins Co. on October 28, 1911, addressed two letters to the Postmaster General, etc.

Now, Exhibit No. 310 is one letter dated October 28, 1911, but what did you refer to when you said two letters were addressed to the Postmaster General?

Mr. HOLMES. The other was a letter from Mr. Cummins explaining the bid to me.

Mr. McCoy. That is this letter here [handing witness paper]?

Mr. HOLMES. No; I don't think it means this one.

Mr. McCoy. No; because this letter appears to have been opened in the canceling-machine committee on the day the machine bids were opened; it has the initials of three members of the committee on it.

Your communication to the Assistant Attorney General says two letters were addressed to the Postmaster General [reading]—

giving him confidentially the annual rental prices of the machine it proposed to furnish. These letters were treated as confidential communications and were not turned over to the office or to the committee of awards until after the opening of the bids.

Now, what was the other letter, besides this Exhibit No. 310?

Mr. HOLMES. I have no recollection of any two letters.

Mr. McCoy. You think maybe that was a mistake in dictating?

Mr. HOLMES. Yes, sir; on the part of the law clerk—

Mr. BRITT. We may need some little inquiry into that; it must evidently be a mistake, or it may have referred to the regular bid.

Mr. McCoy. No; because I find here at the end of the letter, which is Exhibit C [reading]:

The following papers referred to in this letter are transmitted herewith: Bid of the B. F. Cummins Co. (copy); letters of the B. F. Cummins Co., explaining bid (copy); protest of bidders (copy); letter of the B. F. Cummins Co. to the purchasing agent in reply to protest (original).

Mr. HOLMES. That was a letter from Cummins to me, explaining his bid. Mr. Cummins came to see me about the regularity of his bid. I don't know whether I had told him it was not right. I think everybody around the department knew my opinion about the bid, and this letter had no connection with it. Mr. Cummins thought his bid was all right, and I said, "Well, you write me about your views, put it in writing and I will put it up to the Assistant Attorney General," which I did. And I suppose that is what it refers to.

Mr. BRITT. This is the letter of February 28 [handing paper to Mr. Holmes].

Mr. HOLMES. No; this letter was written in January, or about that time.

Mr. McCoy. Well, it may be there is a mistake, but it is stated specifically in this letter which you wrote to the Assistant Attorney

General that on the date following the opening of the bids your office was informed that the B. F. Cummins Co. on October 28, 1911, had addressed two letters to the Postmaster General, giving him the confidential annual rental prices of the machines it was proposed to furnish. Of course, I don't know whether he addressed two letters or not, but there is no question that Mr. Holmes wrote it, although it may have been a mistake.

Mr. HOLMES. Yes, sir; I think it must have been a mistake.

Mr. McCoy. Well, I think very likely it is.

Mr. BRITT. Maybe Mr. Koons can tell. Have you any knowledge of letters of this character bearing that date?

Mr. KOONS. I have not.

Mr. BRITT. I have been unable to find any other one.

Mr. McCoy. I think it is possibly a mistake; but, at any rate, the statement is there.

Mr. BRITT. Yes, sir; I noticed it.

Mr. McCoy. Dr. Holmes, what do you conceive your functions to be as purchasing agent of the Post Office Department in a matter of the kind we are discussing—advertising for bids for canceling machines, both rental and purchase? State fully what you conceive your duties to be under the law in regard to these matters.

Mr. HOLMES. The purchasing agent has authority, under the direction of the Postmaster General, to make all purchases of every description for the postal service, and my duties relate solely to purchases; that is, so far as the law is concerned. It is customary, however, for the Postmaster General to assign such duties to officers of the department as he sees fit.

Mr. McCoy. Take in a matter of the purchase of canceling machines, such as is covered by these two bids of October 31 and March 20. The matter goes to him, or did, in these instances, to the committee, and they make a recommendation, we will say, and the Postmaster General approves the recommendation. Are the papers then sent to you?

Mr. HOLMES. They are; in this case they were not. The regulations regarding such purchases call for the committee of awards to submit a report to the Postmaster General, which should first be given to me for review.

Mr. McCoy. That is, the recommendation of the committee is first given to you for review?

Mr. HOLMES. Yes, sir; in the case of purchases that is the fact.

Mr. McCoy. That is, the recommendation of the committee, or the recommendation which it proposes to submit, which one? Proposed to submit or after it has been submitted?

Mr. HOLMES. Before it is submitted to the Postmaster General? I don't know. The law, or regulation, is not clear as to whether it should be submitted to me before it goes to the chief clerk of the department or not; but it should go to me before the Postmaster General acts.

Mr. McCoy. Yes.

Mr. HOLMES. I don't know just what the instructions are, but I think, in some cases, the chief clerk, in sending out the notices to the members of their appointment, has given instructions to file their report with him.

Mr. McCoy. Now, you say it should go to you. Do you mean under the law or under the regulation adopted in pursuance of the law?

Mr. HOLMES. Under the regulation. I think under the law it should not be done that way; but those are the regulations of the department, and they are regulations of several years' standing. The law says I shall make all purchases and contracts.

Mr. McCoy. Now, let us get back to that stage of the procedure. The Postmaster General issues an order when he wants bids advertised for, does he not?

Mr. HOLMES. Yes, sir.

Mr. McCoy. Prior to the time when he issues the order, what, if anything, do you have to do with determining whether or not anything advertised for ought to be bought?

Mr. HOLMES. Under the regulations a requisition is sent to the purchasing agent—

Mr. McCoy. What kind of requisition do you mean?

Mr. HOLMES. We have a form—

Mr. McCoy (interrupting). I am familiar with the procedure to this extent: The Postmaster General issues an order directing that advertising be done, we will say, for the purchase of pick-up tables—

Mr. HOLMES (interposing). There are steps to be taken before he does that.

Mr. McCoy. All right; what are those steps?

Mr. HOLMES. The bureau needing the supplies makes a requisition on the purchasing agent to obtain those supplies, giving the specifications. The regulations provide that the purchasing agent shall review those specifications, and if he doesn't agree with them and he and the bureau officer can not harmonize and adjust their differences the matter shall be submitted to the Postmaster General in writing. While that has never occurred, that is the rule; then the purchasing agent draws up an order of advertisement and prepares the specifications for the printer.

Mr. McCoy. Before that the Postmaster General directs the advertisement, does he not?

Mr. HOLMES. Not usually; no. It is started by the bureau officer, and the law provides that the purchasing agent shall draw up the advertisement, and when the case is completed it is submitted to the Postmaster General.

Mr. McCoy. I see. That is when the Postmaster General gets into it.

Mr. HOLMES. The order is the advertisement; it is printed as an advertisement.

Mr. McCoy. And the Postmaster General signs that, does he not?

Mr. HOLMES. Yes, sir.

Mr. McCoy. Before it is printed?

Mr. HOLMES. Yes, sir.

Mr. McCoy. What papers does he have before him when he signs that; any?

Mr. HOLMES. Well—

Mr. McCoy. What information has he of the steps taken up to that point? He should have all necessary information.

Mr. HOLMES. Orders have been sent up without any papers.

Mr. McCoy. Well, go ahead, Dr. Holmes. He signs the order as an advertisement, and proposals are invited and specifications will be furnished. Is that the way?

Mr. HOLMES. Yes, sir. I think I can show you here [showing paper to Mr. McCoy].

Mr. McCoy. Now, who drew the specifications for the bids for canceling machines to be opened on October 31, 1911?

Mr. HOLMES. I did.

Mr. McCoy. You drew them on the basis of what you knew about canceling machines or based on information that had been furnished you?

Mr. HOLMES. On information furnished me; I knew very little about canceling machines.

Mr. McCoy. Did the information come to you in writing or by word of mouth?

Mr. HOLMES. In writing, I should say.

Mr. McCoy. Who gave it to you?

Mr. HOLMES. The First Assistant Postmaster General.

Mr. McCoy. Did you change the specifications as they were sent to you or did you simply embody what was sent to you?

Mr. HOLMES. No; I got up a tabular form embodying the specifications as given to me. I may have made some suggestions, but the substance was the same.

Mr. McCoy. The substance was the same?

Mr. HOLMES. Yes, sir; and the number of machines required was the same.

Mr. McCoy. And the description of the machines was the same?

Mr. HOLMES. Practically the same, I should say; they may have been absolutely the same; but I don't believe they have been advertised in just that way before, and I may have dictated something. I think, however, they were practically the same. I don't remember whether I changed it at all.

Mr. McCoy. The advertising took place, and the bids received were opened on October 31 by the committee in this case. Now, suppose they had reported and the Postmaster General decided to make an award; would that report come to you at that stage of the proceeding in any way?

Mr. HOLMES. Well, it was started in my office. I think it should have been treated as a purchase, and it should have come to me before the Postmaster General acted on it.

Mr. McCoy. Before he decided to make the award at all, you mean?

Mr. HOLMES. That is, if you treat it as a purchase. I can not say in this case, because it is something that I have nothing to do with.

Mr. McCoy. This is combined purchase and rental.

Mr. HOLMES. Well, if you combine—yes, sir; as a purchase is involved it should properly have come to me.

Mr. McCoy. And for what purpose?

Mr. HOLMES. For my approval and the drawing up of the award.

Mr. McCoy. Then, after an award is drawn up, we will say, and made and bidders are notified, what, if anything, after that stage do you have to do in a case of this kind?

Mr. HOLMES. After the bidders are notified?

Mr. McCoy. Yes, sir.

Mr. HOLMES. Draw up the contract.

Mr. McCoy. And after the contract is signed what do you have to do then; in the case of a purchase?

Mr. HOLMES. In the case of a purchase?

Mr. McCoy. Yes.

Mr. HOLMES. Make and sign the orders on the contractors and that the contracts are carried out.

Mr. McCoy. That is, you see that the articles furnished are such as were contracted for?

Mr. HOLMES. Yes, sir; as far as I can. There are so many things that can not get around to some of them.

Mr. McCoy. And there, of course, your function ends, I presume, having ascertained that the articles are in compliance with the contract?

Mr. HOLMES. No; there may be in cases of purchase latent defects that I would have to look into.

Mr. McCoy. How about payment for any articles bought?

Mr. HOLMES. I have nothing to do with payment.

Mr. McCoy. Or recommending payment?

Mr. HOLMES. When inspection is made and the goods have been properly delivered, it is up to the bureau to make payment.

Mr. McCoy. What you have stated as the regular course of procedure, does that apply to articles paid for out of the appropriation which is under the control, I believe, of the First Assistant Postmaster General?

Mr. HOLMES. You mean this procedure as to award?

Mr. McCoy. All that you have described, is that applicable where he has control of the appropriation?

Mr. HOLMES. The First Assistant?

Mr. McCoy. Yes.

Mr. HOLMES. No; that applies to everything where the Postmaster General acts, making an award.

Mr. McCoy. But not to disbursements from this special appropriation?

Mr. HOLMES. The Postmaster General passes on every phase of purchases made from day to day on my awards.

Mr. McCoy. There were bids opened on March 20, 1912, for the purchase of canceling machines. Subsequent to that time of the bidders was awarded a contract for 55 machines. Did you have anything to do with that transaction?

Mr. HOLMES. Nothing.

Mr. McCoy. Did you ever hear of it?

Mr. HOLMES. Yes.

Mr. McCoy. When did you hear of it?

Mr. HOLMES. I was again out of the city and the chief clerk wrote me about it, with the papers.

Mr. McCoy. He did what?

Mr. HOLMES. Sent me copies of the papers in the case—the letter he wrote to the Cummins Co.

Mr. McCoy. Prior to the time that the canceling machine committee recommended that 55 of these machines be purchased did that recommendation ever come to you? It was a recommendation made in writing?

Mr. HOLMES. I don't have any recollection of it.

Mr. McCoy. That was in June, 1912.

Mr. HOLMES. Yes, sir.

Mr. McCoy. You were away in June?

Mr. HOLMES. Yes, sir.

Mr. McCoy. The whole month?

Mr. HOLMES. Yes, sir; I was busy out in Chicago about that time.

Mr. McCoy. I want ask you which end you were on. Did the matter come to your assistant, or the acting purchasing agent, before the recommendation of the committee was acted upon?

Mr. HOLMES. He told me not; he got it after the Postmaster General had approved it.

Mr. McCoy. After the recommendation had been made and the Postmaster General had approved the purchase?

Mr. HOLMES. Yes, sir.

Mr. McCoy. This supplemental report made to the Postmaster General recently under date of August 31 in regard to the bid of March 20, 1912; was that report submitted to you before it went to the Postmaster General?

Mr. HOLMES. It was not.

Mr. McCoy. Was it submitted to you after it went to the Postmaster General?

Mr. HOLMES. It was.

Mr. McCoy. For the purpose of sending out the notices to the bidders?

Mr. HOLMES. Yes, sir.

Mr. McCoy. But that was the only purpose for which it ever came to you, was it not?

Mr. HOLMES. I don't know about that.

Mr. McCoy. So far as you are informed, that is what it came to you for?

Mr. HOLMES. Yes; and for filing in my office in the official records.

Mr. McCoy. Well, I mean so far as any action was concerned, that was the only thing?

Mr. HOLMES. Yes.

Mr. McCoy. Mr. Holmes, in Exhibit Z, which is found at page 85, being the letter which the B. F. Cummins Co. wrote you, as you have testified, making an argument in favor of his bid, beginning with the fourth paragraph is the request for proposals covering a total of 1,847 machines of four different classes, and then he says, "but I think it was understood then, as well as now, that three classes would be sufficient." Now, what did he mean by that?

Mr. HOLMES. I didn't consider the letter at all, Mr. McCoy. I sent it to the Assistant Attorney General for his consideration.

Mr. McCoy. Do you know what he meant by that? If you will read that in connection with Exhibit TT, which is found at page 128—

Mr. HOLMES. I don't know what he meant. I know what he says here, "that three classes would be sufficient."

Mr. McCoy. Didn't he mean that the class which is described on page 128 of this record, the 237 nonautomatic electric canceling machines capable of postmarking and canceling not less than 100 letters a minute, was put in there with the intention of having it understood that it was to refer to the drop-feed machine of the American

Co., but it was also understood that none of those machines were to be ordered?

Mr. HOLMES. Not with me. It was not so understood with me. If I had understood that I would not have issued the advertisement, for it wouldn't have been fair to the other bidders.

Mr. McCoy. So you didn't know that was what he understood?

Mr. HOLMES. No, sir.

Mr. McCoy. You say that if you had understood that to be the situation you would not have issued the advertisement; that that wouldn't have been fair to the other bidders?

Mr. HOLMES. I would not have considered it so.

Mr. McCoy. It would not have been proper advertising, would it?

He says at the bottom of the fifth paragraph, on page 85, in this Exhibit Z:

Bids have been obtained from time to time on partial awards, and the routine in this direction has been established, for this proposal was called for at an odd time and shows on its face, as I think, that the total sum was wanted, instead of partial sums.

Can you interpret that?

Mr. HOLMES. Well, this is an argument based on the Postmaster General's order calling for rental of the entire number of machines.

Mr. McCoy. Let us take it in separate parts:

Bids have been obtained from time to time on partial awards and the routine in this direction has been established.

What does he mean by "the routine in this direction has been established"?

Mr. HOLMES. I don't know.

Mr. McCoy. Is there any routine established in the case, or had there been at that time any routine established in a case of partial awards?

Mr. HOLMES. I don't know what it means, Mr. McCoy.

Mr. McCoy. There had been no routine established for partial awards especially, had there?

Mr. HOLMES. I would not call it routine.

Mr. McCoy. I presume he meant regular method of procedure. Was there any special method applicable to cases where partial awards were being called for?

Mr. HOLMES. There had been a custom of making partial awards; I suppose he meant dividing the award.

Mr. McCoy. Was there any routine established in such cases so that a man could be in any way misled by the particular form that was adopted in this particular case?

Mr. HOLMES. No; the specifications were very specific. They stated that the department reserved the right to make an entire award or divide it among the different bidders.

Mr. McCoy. There could not be any question about that at all; it was a perfectly plain, straightforward advertisement and specification, and anybody could tell what was called for. Is that a fact?

Mr. HOLMES. I think so.

Mr. McCoy. He says here in the same paragraph:

For this proposal was called for at an odd time.

What does he mean by that?

Mr. HOLMES. I don't know what he means.

Mr. McCoy. Was there anything odd about the time that the proposal was called for?

Mr. HOLMES. It was an entirely new procedure; it was nearly two years before the contract term was to begin. Maybe he meant that, calling it "odd."

Mr. McCoy. That is, that the length of time in advance when the contract period was going to begin; you think that was the "odd" feature?

Mr. HOLMES. I would call it a very happy feature.

Mr. McCoy. He says that the total sum was wanted instead of the partial sums. Coupling those two last phrases, could you interpret what he meant by that?

Mr. HOLMES. I didn't attempt to interpret the letter. My mind was made up, and I sent this on to the Assistant Attorney General to consider with the other papers in the case. That is my recollection of it. But we wanted partial sums, there is no doubt about that, and it is customary in such cases to ask for the unit and total prices.

Mr. McCoy. Dr. Holmes, at page 87 you will find Exhibit BB. Will you read that exhibit; to yourself, I mean.

Mr. Holmes read from the page of the record mentioned.

Mr. McCoy. Have you read it?

Mr. HOLMES. Yes, sir.

Mr. McCoy. Did you take any action on that.

Mr. HOLMES. I don't think so; I don't think it called for any action.

Mr. McCoy. You don't think it called for any action?

Mr. HOLMES. No.

Mr. McCoy. Could any action be properly taken on that while the canceling machine committee was considering the bids opened on October 31, 1911?

Mr. HOLMES. No: I am thinking now of the Postmaster General's order that the advertisement called for renting the entire number of machines required for the postal service.

Thereupon, at 10.15 o'clock p. m., the subcommittee adjourned until 10 o'clock a. m., Saturday, January 4, 1913.

SUBCOMMITTEE OF THE COMMITTEE ON
EXPENDITURES IN THE POST OFFICE DEPARTMENT,
HOUSE OF REPRESENTATIVES,
Washington, D. C., January 4, 1913.

The subcommittee was called to order at 10.45 a. m., Hon. Walter I. McCoy presiding.

STATEMENT OF MR. J. A. HOLMES—Continued.

Mr. McCoy. Mr. Holmes, you were asked last evening whether the bid, being Exhibit 306, was, in your opinion, regular or not. You have examined it since then?

Mr. HOLMES. Yes, sir.

Mr. McCoy. And your opinion is, in connection with Exhibit No. 308—this explanatory letter—that it is a regular bid?

Mr. HOLMES. That is, in the first, second, and fourth classes.

Mr. McCoy. How about the third class?

Mr. HOLMES. I do not think the third class can be considered a bid.

Mr. McCoy. Why not?

Mr. HOLMES. Because it is for an electric machine that is not known as nonautomatic, as I understand it.

Mr. McCoy. Then is it your opinion that if no award is made on the biddings of March 20, 1912, of which this is one, under this third class, that the number of machines called for in the third class can not be added to any other of the classes in the awarding?

Mr. HOLMES. That would not be proper.

Dr. GRANDFIELD. May I ask the witness a question?

Mr. McCoy. Surely.

Dr. GRANDFIELD. Was it not your understanding that if a machine complies with the specifications under No. 2 that it would also comply with the specifications under No. 3?

Mr. HOLMES. No.

Mr. McCoy. The reason being that under No. 2 it called for an automatic electric, and under No. 3 for a nonautomatic electric?

Mr. HOLMES. Yes, sir; and the right is not reserved in the specifications to change it.

Mr. McCoy. I offer letter of February 15, 1911, addressed to C. P. Grandfield, First Assistant, and signed B. F. Cummins, which will be Exhibit No. 311. Will you read Exhibit No. 311 and see whether the proposition therein contained is one that the department could properly entertain?

EXHIBIT No. 311.

[Cummins canceling machines. Telephone-Edgewater 2580. Personal.]

Mr. Bushnell.

TIME MARKING MACHINE CO.,
RAVENSWOOD STATION,
Chicago, Illinois, 2/15/11.

HON. P. C. GRANDFIELD,
First Assistant Postmaster General, Washington, D. C.

SIR: We have thirty-five of our new canceling machines on hand standing idle. I understand that your department's appropriation available for canceling machine purposes is very low.

With these two things in mind I make you this proposition:

We will immediately install these 35 machines, shipping them all, if required, before March 1st, so that they could be in operation four months before July 1st.

The total rental of the 35 machines from March 1st to July 1st, to be \$1,530.00, which is less than half the regular rental.

To accomplish this purpose, we will rent 17 of them at the full rental price, and install and maintain the other 18 for this period for nothing, or you can reach the same result by dividing the \$1,530 equally between the 35 installations.

The above, of course, with the understanding that after July 1st the rental for at least two years will be the same as now—\$270.00 each. No concession of any kind is intended except for this period of four months.

We are not making, and do not expect to make, for July 1st delivery, any more canceling machines, and would of course like very much, if we can have it, to have our apportionment increased to 130 machines. We now have ninety-five (95) under rental, and this thirty-five (35) would make up the 130.

In regard to our contract and the law, I do not understand and would appreciate if you would tell me: Will machines that are rented after the present appropriation is passed be rented for a period of three years from July 1st, 1911, or for two years? As I understand it, substantially all the machines under rental by the department are rented until July 1st, 1913.

I hope that you can see your way to accept this proposition, and will appreciate an answer.

Very truly, yours,
BFC-EB.

B.F. Cummins.

[Discussed informally with Mr. Cummins on occasion of his visit to Washington. No letter.]

(Stamped:) First Assistant Postmaster General. Received Feb. 17, 1911.

Mr. McCoy. Consider the question with reference to the fact that there was a contract for the purchase or rental of such machines in existence.

Mr. HOLMES. I do not know, but I think these are the machines under contract. I do not feel competent to pass upon it. There is an offer to reduce the price of machines below the contract price. It has been held that the Government would be foolish not to take advantage of an offer of that kind in the past. But as a consideration—that is, in making the offer to reduce the price, which might interfere, I do not feel competent to pass on that. I think without the consideration there might be no question.

Mr. McCoy. Without the qualification? They qualify their offer?

Mr. HOLMES. That is, if it is a consideration. We had contracts where a concern would say after such and such a date you are entitled to a discount of so much. I think that has been done.

Mr. McCoy. There would be no objection to taking half the price. Do you have anything to do in your office, Mr. Holmes, with the question of getting repairs on labor-saving devices made?

Mr. HOLMES. Well, if a contract calls for it, I suppose it would come through me.

Mr. McCoy. Is the question of repairs ever referred to your office, and the matter of attending to getting prices, and what not?

Mr. HOLMES. Yes.

Mr. McCoy. Well, what is the practice in regard to seeking competition in such cases?

Mr. HOLMES. We seek competition where practicable.

Mr. McCoy. Does the law require that that should be done?

Mr. HOLMES. I do not think it is required on a patented article.

Mr. McCoy. But where competition can be secured, does the law require that it shall be?

Mr. HOLMES. I should think so, unless there is a great exigency and one concern could do it quicker or more advantageously, or where the Government itself would lose a lot of time in advertising.

Mr. McCoy. Does the amount involved control the matter in any way?

Mr. HOLMES. No.

Mr. McCoy. That is all, Doctor.

CONTINUATION OF STATEMENT OF DR. C. P. GRANDFIELD, FIRST ASSISTANT POSTMASTER GENERAL.

Mr. McCoy. Dr. Grandfield, you stated at one time in your testimony that three years ago you got some competition in this canceling machine matter. Did not the law require you to do so?

Dr. GRANDFIELD. It required us to advertise for bids—not to get competition but to endeavor to get competition.

Mr. McCoy. Your testimony at page 128 of the record is: "Three years ago for the first time I got some competition and saved the Government about \$40,000. So there has been a slight change in the policy of the department during the last five years."

Dr. GRANDFIELD. \$126,000; \$42,000 per annum.

Mr. McCoy. The saving was \$40,000 per annum?

Dr. GRANDFIELD. \$42,000 per annum; \$126,000 on a three-year contract.

Mr. McCoy. The change in the policy was thought of by Congress, was it not, in determining that bids should be advertised for?

Dr. GRANDFIELD. Yes. Also the provision for making three-year contracts. It was advocated by the department. However, we had competition in the past in the sense that we had bids from more than one firm, but there had been no real competition as shown by the fact that the price has steadily remained at the same figure.

Mr. McCoy. In determining the question of making an award to a bidder is the financial responsibility of a bidder taken into consideration?

Dr. GRANDFIELD. Oh, yes.

Mr. McCoy. Is the equipment of his factory taken into consideration?

Dr. GRANDFIELD. Yes. Everything that has any bearing on the subject is taken into consideration so far as it can be done.

Mr. McCoy. How do you account for the fact, if you undertake to do so, that the Cummins Co. says it can not complete its work, if it gets the award suggested recently, unless it is notified by January 15, whereas the American Postal Machines Co. says 90 days?

Dr. GRANDFIELD. Well, I have my own views on that, but I have no sure grounds for expressing what my views are, and I can not answer your question.

Mr. McCoy. You do not undertake to account for that then?

Dr. GRANDFIELD. No, not positively.

Mr. McCoy (reading):

The question is coming before you, or is in your bureau. The Postmaster General has written that he is going to make these awards, I understand, on the 15th of January, because the Cummins Co. says that is the latest date on which they can get notice to complete.

Mr. BRITT. Do I understand you to say that is the reason for making the award?

Mr. McCoy. I think so. I think the letter says that.

Mr. BRITT. I do not think it says he is going to make the award because of that fact.

Mr. McCoy. Two of these companies say that they require 90 days. One of these is the American Machines Co. The third company says in its telegram, in answer to the Postmaster General, "January 15," and adds, "That is the latest date." I suppose he meant us to deduce that the reason why he fixes the 15th was because this one company said the 15th.

Mr. BRITT. That may be a reasonable deduction, but what I was addressing myself to was that the letter does not say that is the cause.

Mr. McCoy. I assume that Mr. Hitchcock expects us to draw ordinary deductions from statements of fact. There has been an uncon-

reasonable delay in this whole business. It started in July, 1911, and the man who is responsible for any question about this matter now comes in and says that he can not do something after a certain date. I think it is very important.

Mr. BRITT. How long has your inquiry been under way?

Mr. McCoy. My inquiry has been very successfully blocked by the canceling machine committee or somebody in the department.

Mr. BRITT. If there has been any blocking in the department, let us have the specifications.

Mr. McCoy. One of them is that they made a report on the 31st day of August, or drew it, and I made repeated attempts to get it, and I did not get it until after I had discovered, through outside influence, that an attempt was made to make the award. That is one of the specifications I am going to make when my report goes to Congress. There will be enough to satisfy anybody's curiosity.

Mr. BRITT. What I am addressing myself to is that the department is very energetically at your service.

Mr. McCoy. It was not in the slightest degree between the 31st of August and some time in December when they undertook to make these awards.

Mr. BRITT. Did you have any hearings then?

Mr. McCoy. I was endeavoring to get information through letters so that I could determine when to go ahead. I was in hopes that the report of the canceling machine committee was going to be so eminently fair that I could drop the whole proposition, and I made persistent efforts to get hold of it without success.

Mr. McCoy. Here the Postmaster General says [reading]:

Replies have been received stating that in the case of the first two companies named a period of 90 days, and in the case of the last-named company an award not later than January 15, 1913 (the latter being the Cummins Co., of Chicago) would be necessary in order to comply with the requirements of the contract. The department will be glad to do everything possible to facilitate the committee's inquiry, but in view of the large saving that can be effected I feel the interest of the postal service requires an award of these contracts not later than January 15, 1913.

Mr. BRITT. The statement shows the award is asked to be made not later than January 15, but it does not show that is the reason it sets that date. That may be the inference drawn from it.

Mr. McCoy. I drew that inference, and I think it was intended I should.

Mr. BRITT. If there is at this time any delinquency on the part of the department in aiding your inquiry I would like you to say so.

Mr. McCoy. There is unequivocally and absolutely.

Mr. BRITT. At this time?

Mr. McCoy. No; but I say the Cummins Co. is responsible for the situation, and now, through lack of proper equipment, or some other reason, they can not get this work done unless they begin on the 15th of January, that company is still dominating the situation. But at the present time the department is doing all it can, and I knew it would before you came in, especially after you came in. I have had that experience with you before.

**STATEMENT OF MR. E. T. BUSHNELL, CHIEF CLERK IN THE
OFFICE OF THE FIRST ASSISTANT POSTMASTER GENERAL.**

Mr. McCoy. Mr. Bushnell, I show you Exhibit No. 311. On top of it I find the words "Mr. Bushnell." Who wrote that?

Mr. BUSHNELL. It looks like Dr. Grandfield's handwriting.

Mr. McCoy. It came to you, did it? Look on the second page of it. There is a lead-pencil memorandum there. Is that your handwriting?

Mr. BUSHNELL. Yes.

Mr. McCoy. That states you had an informal discussion with Mr. Cummins in regard to the matter?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Did you make any memorandum of that and file it with the papers?

Mr. BUSHNELL. Probably not.

Mr. McCoy. I offer a letter dated December 11, 1912, addressed to Hon. William A. Ashbrook, chairman, etc., and signed by the Postmaster General, which will be Exhibit 312.

EXHIBIT No. 312.

C. P. G.

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., December 11, 1912.

HON. WILLIAM A. ASHBROOK,

*Chairman Committee on Expenditures in the Post Office Department,
House of Representatives.*

MY DEAR MR. ASHBROOK: With reference to correspondence regarding canceling machines, I transmit herewith for the information of the committee a copy of a report, dated August 31st last, by the commission appointed to inquire into the question of the merits of the various canceling machines, and also a supplemental report from the same commission dated December 6th.

I inclose also a copy of an advertisement calling for proposals by December 20th for 100 or more high-grade canceling machines. In the act of Congress making appropriations for the service of the Post Office Department for the current fiscal year there is a provision that "hereafter no contract shall be made for any canceling machine for more than \$270 per annum, including repairs on said machines." The proposals for furnishing canceling machines were solicited and the bids opened before this law was enacted. Consequently the department could not consider a proposal to rent canceling machines at a rate in excess of \$270 per annum.

Yours, very truly,

FRANK H. HITCHCOCK,
Postmaster General.

Inclosures.

G-C.

Mr. McCoy. I offer the report of August 31, 1912, referred to in Exhibit 312, and this will be marked "Exhibit No. 313."

EXHIBIT No. 313.

POST OFFICE DEPARTMENT,
Washington, August 31, 1912.

**RENTAL OF CANCELING MACHINES—CONTRACT FOR FOUR YEARS BEGINNING
JULY 1, 1913.**

HON. FRANK H. HITCHCOCK,
Postmaster General.

SIR: With further reference to the rental of canceling machines for the postal service during the four years beginning July 1, 1913, new proposals for which were opened in the office of the purchasing agent of the Post Office Department on March 20, 1912, in accordance with the terms of the advertisement dated February 20, 1912, your

committee, appointed by order No. 5985, dated December 19, 1911, has the honor to submit the following report:

In view of the rapidly increasing volume of first and third class matter requiring to be postmarked daily in the principal post offices, the necessity for its quick dispatch and the amount of money involved in this feature of the service, it is realized that the selection of the best device for this purpose involves considerable responsibility. The committee has given much time to the subject and has earnestly endeavored to select from the various machines offered those best suited for the work to be performed. Numerous tests have been made in the Washington City post office of the different models of machines for which proposals to rent were submitted, and later most of the same machines were tested in the post offices at Boston, New York, or Chicago, where different conditions as to mail matter obtain and in which cities are located the offices and manufacturing plants of the four principal canceling machine companies. The several manufacturing plants were visited and the facilities for turning out or repairing machines examined carefully. Much information needed for comparative purposes in framing this report concerning the capacity and efficiency of machines already in the service, the rental prices, operating power, etc., has been also obtained through the office of the First Assistant Postmaster General.

THE CANCELING MACHINE INDUSTRY.

The manufacture of canceling machines is a limited industry. The reason for this is obvious. Except for a small amount of bank work, these devices are suitable only for postmarking letter mail. The manufacturers must therefore look to the Post Office Department as their main customer. The call for proposals under date of February 20 brought responses from only 8 companies or individuals. This number undoubtedly includes all who are engaged in this enterprise or at least who have developed a machine answering in any way to the Government's needs. Even some of the models of machines submitted were found to have little merit, as will be shown later on.

A schedule of the several proposals received is attached hereto, marked "Exhibit A."

EXCLUSIVE CONTRACT.

Obviously the main purpose in securing from Congress the authority to enter into a contract for the rental of canceling machines for a period of four years was to effect a saving in the cost of this feature of the postal service. The guarantee of a period of payment thus long also naturally benefits the manufacturer; hence the sharp competition growing out of the department's recent call for bids and the low prices, as compared with those paid at present, which are apparent from a study of the proposals under consideration. The proposals cover not only the older models of machines now in the service, several of which, as it developed by the recent tests, have evidently been greatly improved and their efficiency increased, but also machines built on entirely new lines.

The specifications of February 20 called for prices not only for machines in lots of 50 and 100, but prices per machine for which the respective bidders would rent the entire number needed in the service during the four years beginning July 1, 1913. An analysis of the "Schedule of proposals" will show that of the 8 companies or individuals whose proposals were opened on March 20 only three quote prices under each of the four items on the basis of the entire award, viz, the American Postal Machines Co., of Boston, Mass.; the B. F. Cummins Co., of Chicago, Ill., and the Universal Stamping Machine Co., of New York. The company last named, however, when called upon by the committee, produced no machine answering to their bid under Item D (hard-power machines), and it is understood that they do not care to submit one. Therefore the bid of this company as to all machines to be used is not further considered.

The proposal of the American Postal Machines Co., of Boston, on the basis of the entire award for the number of machines specified in the department's advertisement, provided its improved Model No. 1 with motor attached is selected for item B (automatic electric medium-grade machines), and its drop-feed model for item C (non-automatic electric machines), amounts in the aggregate to \$168,100 a year. If the improved Model No. 1 were substituted for the "drop-feed model" the total of this company's bid would amount to \$168,600.

The proposal of the B. F. Cummins Co., of Chicago, is susceptible to computation in two ways. Under items A, B, and D they submit in each instance two grades of machines, varying in price, and divide the number to be furnished. For instance,

under item A (450 machines) the bid reads, "150 at \$144 each, and 300 at \$108 each." If these divisions were followed through the four items, the total of the bid on the basis of the entire award would amount in the aggregate to an annual charge of \$169,800. On the other hand, if the machines for which the lowest prices are quoted by this company under each of the four items were selected, which machines meet all the requirements of the specifications as to the capacity, etc., their proposal for all machines would amount annually to \$152,700.

The number of canceling machines of all grades under rental in the service on August 1, 1912, was 1,880. The number specified for the proposed four-year contract beginning July 1, 1913, is 1,875. The five more in the service are all high-grade machines. The annual rate of rental for the machines in the service at present amounts to \$278,275.

The acceptance, therefore, of the proposal by the American Postal Machines Co. to supply all machines needed would, on its face, apparently effect an annual saving of approximately \$109,000, or about \$436,000 during the life of the proposed four-year contract, while the acceptance of the B. F. Cummins Co.'s proposal, taken at its lowest figures, would effect a saving of slightly over \$124,000 a year, or approximately \$196,000 during the four years. This, however, is without taking into consideration the cost of a considerable number of new motors which would be necessary, if a complete reassignment of machines were made, which would probably reduce the amount the first year several thousand dollars.

These figures are somewhat startling, and if this were purely a commercial proposition would appeal strongly to the committee in framing its recommendation. In fact, it would probably be difficult to find another feature of governmental activity where justification could be shown for not giving approval promptly to a proposition that promised such financial benefits. This feature of the postal service, however, is unique. There is nothing anywhere in the public service of which the committee has any knowledge that is in any way like it. Therefore, careful consideration should be given the subject from every viewpoint.

As stated heretofore, the canceling-machine industry occupies a limited field. The machines have practically no commercial value and their use is confined almost exclusively to the needs of the postal service of the United States or other countries. The inventors and manufacturers have been encouraged for years by the Post Office Department to still further develop and improve their machines. The fullest competition has been invited. A yearly contract, which was as long as one could be entered into prior to two years ago, furnished little incentive to expend any considerable sum of money in making changes in the machines or developing new ones. The prospect of a contract for four years, however, which was authorized by Congress last year was the first real stimulus that these canceling-machine men have had for working out new plans. Consequently, the proposals recently received, as might be expected, show that the Government is now in a position to rent or purchase machines of greater efficiency than ever before and at greatly reduced prices. It is a serious question, however, whether on the ground of economy alone it is in the interest of the Government to stifle all further competition in an industry that is so essential to its operations and is also so limited in its field and put a number of these companies completely out of business, as would surely be the result of awarding an exclusive contract to one company for the rental of all canceling machines required during the four years beginning July 1, 1913.

The acceptance, for instance, of the Cummins Co.'s proposal for an exclusive contract would displace every canceling machine now in the service. In model and construction the machines which this company proposes to furnish covering each of the four items of the specifications are an entire departure from any which have thus far been used in the service. They apparently have very many advantages over the older machines. The most noticeable feature is simplicity, being made up of a few parts, which reduces to the minimum the daily time necessary for cleaning. This is an important factor. The several grades of machines are all constructed on the same model with the postmarking mechanism and other parts interchangeable even from the machine operated by hand to the motor-driven machine of the highest grade. This is a distinct advantage when broken or worn parts are needed on short notice. The machines which are driven by electric power are easily operated by a switch connection instead of a starting box or rheostat, which is required with most of the old type of high-power machines, thus lessening the general cost of the service.

These machines give promise of doing satisfactorily all that would be required of them. They have been on trial for some months in the Chicago post office, where several millions of letters have been run through them during the rush hours and where the committee tested them under different conditions. But they have had no extended trial in the service, which is the real test of all canceling machines, since

the conditions as to mail matter differ so greatly in different post offices as well as the skill of the operators.

These machines would seem to fulfill to the letter the provision in the annual appropriation act as to cheapness and efficiency, the two factors which must be apparent in any canceling machines before a contract can be entered into for its purchase or rental. However, it might be said with some force that having been operated only experimentally in the Chicago post office under the eye of the inventor, their actual efficiency at this time is in a measure theoretical and their reliability is undetermined.

The same argument with reference to an exclusive contract does not apply as fully to the machines offered by the American Postal Machines Co. of Boston, although the principle is practically the same; and the same element of doubt exists as to whether this company could render satisfactory service if it had an exclusive contract. Some of its machines do not make as good a showing as do those of the Cummins Co. About 40 of the machines which the American company proposes to furnish under Item A (automatic high-grade machines) have been in the service a number of years and have not shown as high a standard of efficiency as the high-grade machines of the International Postal Supply Co. or the Time Marking Machines Co., and not as high as is really required for the work in some of the largest post offices. The company claims to have improved this machine in certain details recently, thus increasing its efficiency. The particular machine which was exhibited and tested before the canceling machine committee in the Washington post office in February last, and again in the Boston post office in April, showed considerable improvement over the old machine. But as the department has no reports from postmasters concerning this improved model it must be considered in the class of new machines against which the same doubt applies as in the case of the machine of the Cummins Co., in regard to its exclusive use for all heavy work in the service.

The machines which the American company proposes to furnish under Items B and C (automatic medium grade electric and nonautomatic electric), with the exception of their No. 1 remodeled so as to be driven by a one-eighth horsepower motor, are machines which have been used in the service for a number of years and while technically meeting the specifications are not now regarded as the most efficient of their class or the most economical. The strictly hand-power machine (model No. 1) of this company, however, ranks as first class in every particular.

As heretofore suggested if this matter had to be settled on a commercial basis and the rule followed that usually governs in making contracts for Government equipment and supplies it would be exceedingly difficult to find any logical reason for not giving heed to a proposition that would clearly effect such a substantial saving to the Government as the making of a contract for four years with one company to furnish all canceling machines needed. In all probability the machines of either the B. F. Cummins Co. or the American Postal Machines Co. would do the work required. Both companies are undoubtedly financially able to carry out such a contract. The machines of the two companies also seem to meet the requirements of the law as to efficiency and cheapness. Efficiency as used in this connection must necessarily be applied to the task which these machines have to perform in the respective post offices.

But there are other factors than economy that would seem to enter into this problem and which under the circumstances must be given considerable weight. It has been a long-established policy of the department to deal with all canceling machine companies to some extent if they have had suitable devices to offer. Obviously the reason for such policy was to encourage competition, and thus enable the department to secure the latest product of the few manufacturers engaged in this line. It has been the practice for years to authorize an official test of every new device in the shape of a canceling machine that any inventor might offer. This has been such a fixed rule that the canceling-machine committee has even now promised to try out shortly a device presented since the bids under consideration were opened, notwithstanding that the inventor has been informed that there is no prospect at present of a contract being given to him. All who are engaged in the enterprise have apparently believed there was a chance for them to some day share in the apparently large profits they have seen their competitors receive.

The need for these canceling machines was never as great as at present. The work for which they are used could not be done to-day in the large post offices without them. One fast machine will easily postmark more letters than 10 men could postmark with the hand stamp as formerly used, and the machine work is far better. Competition has been extremely beneficial in the last few years; and the prices quoted in the proposals under consideration show still further benefits, no matter how the contracts may be awarded.

The proper postmarking of letters and the necessity for their being handled expeditiously are features of such vast importance, and the manufacturers of the machines

for this purpose so few, that it is not believed it would be entirely in the interest of the Government to practically destroy the incentive for further developments in this line at present by awarding a contract to one company to furnish all machines needed. While this position would seem untenable from the ordinary commercial viewpoint, and will undoubtedly have to be abandoned sooner or later, prudence suggests that for the present, at least, the long-established policy of the department be not disturbed too violently. When it becomes necessary to make new contracts after a trial of these new machines for four years it will be much easier to apply the rule of the survival of the fittest. A very substantial saving can be effected during the proposed four-year period by a division of the contract, as will be shown later on in this report. Furthermore, both the Cummins Co. and the American Co. have machines which are highly efficient and which can be used to advantage. Both companies are entitled to a substantial portion of the award according to the efficiency and cheapness of their respective machines.

RECOMMENDATION.

It is recommended therefore that an exclusive contract for the rental of canceling machines for the four years beginning July 1, 1913, be not made.

AUTOMATIC ELECTRIC HIGH GRADE MACHINES.

In the consideration of the canceling-machine subject as a whole, special attention must be given to the high-grade machines, since these are the machines that are now indispensable to the expeditious handling of the mail in the large post offices. They are subject to the hardest possible usage in these offices, where great accumulations of mail have to be worked in short periods of time. They are so essential to the work in these offices that there should be no doubt as to their reliability.

The three machines now in the service which are relied upon to take care of this heavy work are the "Flier," made by the International Postal Supply Co., of New York; the "Cummins," made by the Time Marking Machine Co., of Chicago; and the "Stoddard," made by the American Postal Machines Co., of Boston. The post offices in the three cities named are equipped almost wholly with the machines of the respective companies whose headquarters are located there.

In the New York post office 51 of the "Flier" type are used, and in the Hudson Terminal Station of that office 8 of these machines are required to postmark about half a million pieces of first and third class matter daily. In the Chicago office 41 of the "Cummins" type constitute the principal equipment, and 8 of these machines in the main building perform a task similar to the 8 "Fliers" in the New York office. In the Chicago office a daily average of more than 2,050,000 pieces of first and third class matter are canceled, and during the rush hours in the evening more than 448,000 pieces have been canceled in a single hour. In the Boston office the "Stoddard" type is used in largest numbers.

The above figures with reference to New York and Chicago are cited to show the absolute necessity for having in these large offices machines of the highest capacity and known reliability. With the volume of mail constantly increasing in these large post offices and the necessity for its dispatch within the shortest possible time, it would seem to be an unwise move to disturb the present mechanical equipment to any extent until positive assurance can be had from actual demonstration that the new devices submitted are both better and cheaper.

It is the judgment of the committee that, notwithstanding the Government has been paying a liberal rental for a number of years for the high grade machines now in the service and that others can perhaps now be obtained at less cost, which, when thoroughly tried will make as good a showing, the old machines have proven so efficient that at least a few of them should be continued in the service if it is possible to do so until such time as the department has a more thorough knowledge of the efficiency and reliability of the newer machines. This can be determined readily before the time comes to make new contracts, provided the recommendations contained in this report as to four-year contracts are approved.

"Flier" (International Postal Supply Co., of New York).—It must be admitted that up to this time the "Flier" has been the most satisfactory all-around canceling machine used in the service. It is a general favorite among postmasters and postal employees. This type of machine has been in the service about 20 years, and it is probable that many of those that are actually in use to-day have not been remodeled or built over within the past 10 years. There are 283 machines at present under rental, at \$300 a year each. Prior to 1910, when Congress fixed the maximum rental for a canceling machine at \$300 a year, \$400 was paid annually for this machine. In

the proposal which this company submitted March 20 last for rental of machines under a four-year contract it still fixed the price for this model at \$300 except for more than 325 machines, in which case the rental is reduced to \$275. Even on the basis of the entire award for machines of this grade the rental is fixed at \$275.

The Post Office appropriation act for the fiscal year 1913 contains a proviso that no contract shall hereafter be made for the rental of canceling machines at a higher rental than \$270 a year. Consequently, there seems to be no way by which even a minimum contract can be made with this company in view of the fact that its proposal is in excess of \$270, and it is understood that it declines to reduce it.

*"Cummins" (Time Marking Machines Co., of Chicago).—*The machine designated as the "Cummins" was first put into the service in 1907. There are 131 of these machines now in use at an annual rental of \$270 each. This type of machine constitutes the principal equipment in the Chicago post office, where, in the main building at least, the average number of pieces of first and third class mail postmarked daily is considerably larger than that of any other post office in the country. The speed that the machine develops in that office is slightly higher than that of the "Flier," which is used for the same class of work in the New York post office. The reports from postmasters throughout the country where these machines are in use show also that in the general average it is quite equal to the "Flier."

The question of replacing both the "Flier" and the "Cummins" by other machines at a lower rental has already been discussed. It is possible that it can be done without detriment to the service, but the time between now and July next is believed to be too short to attempt it. Such a radical change would undoubtedly disturb conditions beyond what would be advisable in offices where these high-power machines are necessary. Before such an extensive shift is made the department should have more knowledge as to the capacity and reliability of the new machines. Furthermore, nearly all of the machines of the "Cummins" type are driven by a special motor of the vertical type, constructed so as to fit into the column of the machine. These motors were purchased by the Government at a higher cost than any other motors in use, and it is not believed they could be used to advantage on any other type of machine. They are not suited to the new models of machines for which proposals have been submitted, as these machines are nearly all built for lighter motors. Their discontinuance, therefore, would mean a considerable loss in the item of motors.

Inasmuch as the "Cummins" is offered under a four-year contract at a price within the amount fixed by Congress and in view of its known efficiency and reliability it is believed that a contract should be made with the Time Marking Co. for the four years beginning July 1, 1913, for at least 100 machines, in order not to disturb conditions in some of the large post offices where these machines are rendering satisfactory service.

*"Stoddard" (American Postal Machines Co., of Boston).—*This machine is in the class of high grade machines, although, as stated heretofore, in the service it has not developed as high a degree of efficiency as either the "Flier" or the "Cummins." However, in a number of post offices of the first class this is the only type of machine used and it apparently does the work satisfactorily. There are 41 under rental at this time at \$225 each. The tests which were made under the supervision of the canceling machine committee in the post office at Washington in February last, and again in the Boston office the following April, show that the particular machine then under test was faster and more accurate than some of the same model in the service according to the reports of postmasters.

This type of canceling machine can undoubtedly be used to advantage in a considerable number of post offices where something a little better than the medium grade electric machine is required. The rental price also makes it desirable from the standpoint of economy to use some of these machines. The company's proposal of \$190 each for 100 or more would seem to make it advisable to enter into a contract effective July 1, 1913, for furnishing 100 of these machines.

*"Universal C" (Universal Stamping Machine Co., of New York).—*In response to the department's request in May, 1910, for proposals for renting canceling machines for a period of three years beginning July 1, 1910, the Universal Stamping Machine Co., of New York, offered its high-grade machine designated as Model C, at a rental of \$300 a year. At that time this machine had had no trial under service conditions and as the contracts then under contemplation were to become effective a month later it was thought to be unwise to adopt this machine and enter into a contract for its rental. In 1911 the machine was given a month's trial in the Washington City post office during which period 472,716 pieces of mail of various sizes and thickness were treated. It developed an average speed of about 600 pieces of short mail per minute with less than 2 per cent of skips. A similar test was subsequently made of the machine in the

Hudson Terminal Station of the New York post office with practically the same results.

Some features of this machine warrant special consideration. It embodies the same principle in the postmarking mechanism as the "Flier" of the International Postal Supply Co., although it is much simpler, being constructed of about one-third the number of parts that go to make up the "Flier." It has the same automatic belt feeder as the "Flier" and the same elasticity for carrying through without mutilation letters of unusual thickness or which contain small articles which the public is in the habit of inclosing in letters. This machine is driven by a one-sixteenth horsepower motor, which is smaller and less expensive than the motor used on the other high-grade machines, and it is controlled by means of a snap switch on the bedplate, thus doing away with the starting box or rheostat which is required on each of the other three old line high-grade machines.

While the bid of the Universal Stamping Machine Co. for 100 or more of these Model C machines is at the rate of \$234 each, if consideration is given to the fact that the motor used costs less than the one used on the three fast machines now in the service, and that no rheostat is required, thus reducing the expense still further, it will be found that the company's bid is not relatively high. Its simple construction also enables the operator to take it apart more easily for the purpose of cleaning and oiling, which is an important factor in the case of machines which are required to run many hours during the day. It is believed that the showing which this machine makes fully justified a substantial award to this company. The machine gives every promise of being able to take the place of the "Flier." Its speed and accuracy in the tests made under the supervision of the canceling-machine committee were a trifle higher than in the "Flier."

It is the judgment of the committee that the department would be justified in renting 100 of these machines from July 1, 1913, at the company's bid of \$234. The machine would seem to be superior to the "Stoddard," which rents for \$225 under the present contract.

"Cummins No. 7" (B. F. Cummins Co., of Chicago).—This company in its proposal of March 20 submits in the class of high-grade electric machines two models, viz: Nos. 5 and 7, at an annual rental of \$180 and \$132 each, respectively, for 100 or more. So far as the canceling machine committee has been able to determine, these machines are practically identical except possibly as to the finish. The president of the company states that the basis for this difference in price is largely in the cost of maintenance, it being claimed that the wear and tear on any machine is greater in an office where it is used almost continuously than where it is used for a few hours only. This is undoubtedly true, but it is not believed to be a point that the committee can consider, inasmuch as the specifications under which these proposals were submitted called for unit prices for machines regardless of the size of the office to which they might be assigned. Both the No. 5 and No. 7 were tested under the supervision of the committee in the Washington post office in January last and again in the Chicago office in April. The result obtained were slightly more favorable to the No. 5, although the No. 7 developed a speed of over 600 pieces of short mixed mail per minute with less than 2 per cent of skips.

As heretofore stated in this report, these machines of the B. F. Cummins Co. are a radical departure from the canceling machines which have been used for a long time in the service. They are probably the simplest device of the kind that has yet been put on the market. The postmarking mechanism is attached to a separate arm, complete duplicates of which could be supplied large post offices at slight expense, so that in case of a breakdown or mishap, which happens to all canceling machines occasionally, when such articles as door keys and pieces of small hardware are inclosed in letters, the arm can be slipped off and another put in its place so quickly as to cause practically no interruption in the work of the machine. This is an especially good feature where only one is used in an office.

There being apparently no essential difference between the No. 5 and the No. 7, the latter being the cheaper in price, consideration will be given only to this one. This machine has been given a service trial in the Chicago office for a number of weeks in connection with one of the mechanical pick-up tables, and the committee is informed that more than 6,000,000 of pieces of mail have been run through it without developing any defects. It at least gives promise of fine results, and the proposed rental is so extremely low that the committee does not feel that it would have any justification in not recommending that a substantial number of this model of machine be put into the service.

It is entirely possible that any one of the high-grade canceling machines referred to would be able to do all of the work in the postal service required of this class of machines. If the one which is offered at the lowest rental was selected, which is the

Cummins No. 7, an annual saving would be effected on this grade of machine alone, on the basis of the number now in use, of approximately \$69,000. But in view of the short time that will elapse before the present contracts expire, it is not believed to be in the interest of the service to disturb present conditions in the important post offices to the extent of throwing out all of the older machines of known efficiency. If a division of the proposed contract is made, particularly as to the high-grade machines, consistent with the prices submitted, a substantial saving can still be made, and it will develop long before the contracts expire how the different machines compare one with another in efficiency, so that when the time comes to make new contracts if it is then deemed desirable the present policy of dividing this service can be abandoned and the commercial rule be adopted.

RECOMMENDATION.

For the four years beginning July 1, 1913, it is recommended that contracts be entered into for the rental of high-grade machines as follows:

Time Marking Machine Co. of Chicago, 100 Cummins, at \$270 each.

Universal Stamping Machine Co. of New York, 100 Universal C, at \$234 each.

American Postal Machines Co. of Boston, 100 Stoddard, at \$190 each.

B. F. Cummins Co. of Chicago, 150 Cummins No. 7, at \$132 each.

The present average rental of the high grade machines is \$284.60 each. On the basis of the distribution of the contract, as recommended above, the average rental per machine for a corresponding number will amount to \$198.25, a saving approximately of \$86 on each machine. Against this, however, must be charged the cost the first year of a few motors where those now in use are not suited, but this is probably more than offset by the saving in power by the Universal machines and the further doing away of a large number of rheostats or starting boxes which cost from \$7 to \$8 each.

A tabular statement showing the general average results made on the automatic electric high grade machines with collection mail, and showing also the size and approximate cost of motors, etc., is submitted herewith marked "Exhibit B."

AUTOMATIC ELECTRIC MEDIUM-GRADE CANCELING MACHINES.

The same degree of importance does not attach to the question of selecting a suitable canceling machine for use in the smaller post offices of the first class and those in the grades below as one for use in the very largest offices. They are of course the same labor savers in the smaller offices and are just as indispensable, but obviously the volume of mail is not so great and the aggregate time they are used is very much less. In any post office or postal station where one machine of the medium grade is able to take care of all the work, any one of the different models of machines would undoubtedly supply the needs. Naturally, however, there is some difference in the degree of efficiency even in these medium-grade machines, and it is important that the department select those having the greatest merit.

The four machines in the service at present that answer to this item in the specifications are the Universal B, made by the Universal Stamping Machine Co. of New York, which rents for \$150 a year; the Model S, made by the International Postal Supply Co. of New York, which rents for \$150; the Combination, made by the American Postal Machines Co. of Boston, which rents for \$135; and the Columbia, made by the Columbia Postal Supply Co. of Silver Creek, N. Y., which rents for \$110.

Of the four machines named, the Columbia is the fastest, but this has not been a popular machine in the service. It is heavy in construction, is entirely different in its mechanism from any other, it apparently has a greater tendency to get out of adjustment, and it requires a heavier motor to operate it than other machines in the same grade. There are 83 of this type in the service at present. In the company's proposal of March 20 it fixes the rental at \$120 a year for 50 or more, or \$110 for 100 or more. This is practically an increase, since it would be necessary to add to the number already in the service after July 1 in order to get the benefit of the \$110 rental, which is the amount now paid. In view of the fact that the department has not regarded this machine as sufficiently meritorious to justify adding to the number in the service during the last year, and for the further reason that the company demand an increased rental even for a minimum contract, the committee can not recommend that its bid be considered favorably.

Of the other three machines which are now in the service, the Combination, built by the American Postal Machines Co., is the least efficient. It is noisy, very slow, and, according to the reports of postmasters, the percentage of skips is very large. At the time the present contracts were made (in 1910) it was near the beginning of the fiscal

year in which they were to become effective, and the department was practically forced to make these contracts with the several companies about as the machines were then divided. There were approximately 440 of the Combination type then under rental. Hence the present contract for 400. Since this contract became effective machines have been taken out whenever feasible until the number now under rental is only 398, a reduction of about 40 in the two years.

Both the Universal B, of the Universal Stamping Machine Co., and the Model S, of the International Postal Supply Co., are more efficient than the Combination, although the rental is slightly higher.

The capacity of the Universal B and the Model S is practically the same. There is, perhaps, a slight difference in favor of the Universal. This machine is also somewhat simpler, is less noisy, and is driven by a lighter motor. In view, however, of the apparent greater efficiency of the two new machines which are now offered at a considerably lower annual rental, viz, the Cummins No. 11 and the American No. 1, when driven by electric motor, it is not believed that the department would be justified in making a contract for either the Universal B or the Model S at the rental prices fixed by the respective companies except for a minimum number of machines simply to hold them in the service until the new machines have an opportunity to demonstrate more decidedly their efficiency and reliability.

Of the model S, there are at present in the service 105 for which the department is paying \$150 each. The company offers no reduction in this price for less than, 150 machines. There has been no increase in the number used during the last year, and it is not believed that the department would be justified in making any further increase at \$150 a year.

The Universal Stamping Machine Co. offer their Model B for \$144 each for 100 or more as against \$150 now paid. There are 60 of these machines at present in the service. Their record is fairly good. In view of the reduction in price by this company's proposal, the committee believes the department would be justified in making a contract for 100 of these machines for the period beginning July 1. This is an increase of only 40 machines.

The new machines to which reference has been made which are offered under this item of medium-grade machines are the No. 11, driven by a one-tenth horsepower electric motor, made by the B. F. Cummins Co., of Chicago, and the No. 1, remodeled to be driven by a one-eighth horsepower motor, made by the American Postal Machines Co., of Boston. If these two machines can maintain the record which they developed during the tests made under the supervision of the canceling-machine committee it is believed they will revolutionize the canceling-machine feature of the postal service. Both are very nearly as fast as the high-grade machines and the percentage of skips during the tests was very low. The Chicago machine is operated by a one-tenth horsepower motor fastened by a bracket to the top of the machine and connected direct to the cylinder by a friction drive pulley, while the Boston machine is operated by a one-eighth horsepower motor attached to the column and connected by belt. Either one of these machines can be operated by hand at any time should the electric power give out or be cut off during a portion of the day by simply turning a thumbscrew and raising the motor a fraction of an inch in the case of the No. 11, or by throwing off the belt in the case of the No. 1. This is an especially advantageous feature, as it is understood that there are post offices in some small towns where the electric current is frequently cut off during the day.

The above two machines are offered at such a substantial reduction from the price of the older type of machines now in the service that the committee feels it could not find justification in not recommending that a substantial contract be made for their rental for the period beginning July 1, 1913. Which of the two will in the long run prove to be most efficient can be determined only by their use. The Cummins Co.'s machine is offered at \$104 for 100 or more, and the American Co.'s machine at \$90 for 200 or more. To be consistent with these prices, it is recommended that a contract be entered into with the Cummins Co. for 250 at \$104 each, and with the American Postal Machines Co. for 300 at \$90 each.

The specifications under which proposals were invited called for 125 nonautomatic electric canceling machines. The only machine in the service answering to this description is the drop-feed model made by the American Postal Machines Co., of Boston, which rents at present for \$90 a year. It is believed that this machine has outlived its usefulness. Its capacity is simply the capacity of a clerk to face up mail. Even mail that is already faced up, which is now frequently received in post offices in considerable quantities can be fed into this machine only a little faster than the mail from the collectors' satchels or that which comes through the lobby drops. The

committee does not believe that this type of machine now serves the best purpose in a post office. The department has replaced them by other machines whenever feasible during the past two years. Where the mails are light this machine almost tends to laziness on the part of the operator, as he simply drops the letters in one at a time, and he could sit down and do it. Even a hand machine will postmark mail much quicker. In offices where a power machine is needed, either a Cummins No. 11 or an American No. 1 can hereafter be rented for about the same amount as the drop-feed rents for, and either of these machines will handle several times the volume of mail. The committee, therefore, in its recommendation covering the medium-grade electric machines will add a sufficient number to supply, upon a readjustment of the service, offices now using the drop-feed machines. Furthermore, as will be explained in a subsequent paragraph, a readjustment of the machine service in some post offices where a number of this type of machine are in use will undoubtedly make it easy to substitute one faster machine for a number of slower machines, thus saving both time and clerical labor.

RECOMMENDATION.

It is therefore recommended that covering items B and C of the specifications contracts be made for machines as follows:

International Postal Supply Co., of New York, 105 model S, at \$150 each.

Universal Stamping Machine Co., of New York, 100 Universal B, at \$144 each.

The B. F. Cummins Co., of Chicago, 250 Cummins No. 11, at \$104 each.

American Postal Machines Co., of Boston, 300 American No. 1, at \$90 each.

The average rental of the intermediate-grade canceling machines now in the service, including the drop-head machines classed as nonautomatic electric, is approximately \$123.75. If a contract should be made in accordance with the above recommendation, it would reduce the average cost to \$110, thus effecting a saving of about \$13 on each machine in this grade. Of course a very much larger amount could be saved if the Model S and the Universal were eliminated altogether and their places supplied by the newer and less expensive machines; but applying the same argument used in preceding paragraphs the advisability is questioned of throwing out altogether the older type of machines until the efficiency of the new ones is established beyond a doubt.

HAND-POWER MACHINES.

Canceling machines are essential to the expeditious handling of mail even in small post offices. The best evidence of this and the fact that they are believed to save labor is found in the information which is brought to the attention of the committee that a considerable number of postmasters, whose offices are too small to warrant the Government furnishing a machine, have purchased them from their personal funds in order to facilitate the work of their respective offices.

The machines of the hand-power class now used in the service are the Model L, made by the International Postal Supply Co., renting for \$80; the No. 1, made by the American Postal Machines Co., renting for \$72; and the No. 2, made by the same company, renting for \$54. The No. 2 machine is the least efficient of any in use. While it does fairly good work, its capabilities by comparison with the other machines are quite limited. It answers the purpose in a few small offices, but the quantity of mail that it will handle is not commensurate with the rental price. Consequently the department has not found it a profitable machine to rent. There are only 17 under rental at present.

The Universal Stamping Machine Co. submitted a proposal for a hand-power machine, but the company has never presented one for trial. The company was written to in January last and again in April that the canceling machine committee was ready to test any machines they wished to show, but none answering to the proposal for hand-power machines has been exhibited. During the committee's visit to New York for the purpose of testing machines the question was asked of Mr. Bowes, the president of the company, as to whether he desired to submit a machine for trial, and in reply he stated that his company had no machine that it desired to put in competition with those submitted by some of the other companies.

The same is true with reference to the Columbia Postal Supply Co., of Silver Creek, N. Y., who also submitted a proposal for a hand-power machine. The committee has never heard from the company in regard to testing any machine that they might have answering to this description.

The Model L machine of the International Postal Supply Co., of New York, which rents at present for \$80 a year, is a type of machine that has been in use for several years.

There are 170 now under rental, but the efficiency of this machine has not been such that the department has felt justified in employing an additional number. In fact, the number under rental to-day is slightly less than a year ago. It is operated by the left hand, which is somewhat awkward in some cases. It is also slow, and according to the reports from postmasters the percentage of skips is high. It did not make a good showing in the test made under the committee's supervision. It does not compare favorably with the American No. 1, which is offered under a four-year contract at a lower rental. At the price for which this machine is offered under a four-year contract even for 100 or more, namely, \$80, which is the same the department is now paying, it is not believed that the department would be justified in retaining it in the service after June 30.

The American No. 1, of the American Postal Machine Co., is undoubtedly the most efficient all-around hand machine the department has yet used. This model of machine has been in the service more than 10 years and its work has been very satisfactory. The department purchased 100 of them in 1910, at \$275 each, and there are 366 under rental at present, at \$72 a year each. Except for the long-established policy of the department, which has been referred to, of giving every canceling machine company a chance to rent at least a few of its machines whenever they have been regarded as suitable to the Government's needs, the committee would find it very difficult to justify not recommending that the American Postal Machine Co. be given a contract to supply all of the machines of this class needed during the four years beginning July 1, 1913. But the development of the machine designated as the "Cummins No. 11," made by the B. F. Cummins Co., of Chicago, which is offered for rent at \$76 for 200 or more, has caused the committee to hesitate to take the action suggested above. This latter machine is of very simple construction, and the revolving part which propels the letter being a heavy cylinder mounted on ball bearings enables the machine to run very smoothly and with the least energy on the part of the operator. It will easily postmark 400 letters in a minute by rapid turning.

This is the same machine without the motor that is referred to in the paragraph on medium-grade electric machines. The No. 1 of the American Co., mentioned above, is also the same machine referred to in the same paragraph.

These two machines, the American No. 1 and the Cummins No. 11, are so easily convertible into electric machines, besides being able to do such splendid work under hand power, that it is believed to be in the interest of the service that both be used to considerable extent in order to determine how one compares with the other in the matter of efficiency and reliability under actual service conditions. The difference in price between the two is not material, the No. 1 being slightly cheaper, but this difference would be overcome in part, at least whenever by reason of the growth of a post office it should be found desirable to use a motor-driven machine, as the No. 11 requires a motor of only one-tenth horsepower, whereas the No. 1 takes a motor of one-sixth horsepower. The showing which the Cummins machine makes justifies, in the opinion of the committee, a substantial contract. Four years will determine beyond question which of these two machines is the best. The results from the two seem to be very nearly alike, especially when driven by an electric motor. It is believed if they maintain the present record it will be found advantageous during another contract period to adopt one or the other for all the work for which both the hand-power and the medium-grade electric machines are now used.

RECOMMENDATION.

It is recommended therefore that a contract be entered into with the American Postal Machines Co., of Boston, effective July 1, for 300 of the No. 1 hand-power machines, at an annual rental of \$70 each, and a contract with the B. F. Cummins Co., of Chicago, for 250 of their No. 11 machines, at an annual rental of \$76 each.

The committee's recommendations for both automatic medium-grade machines and hand-power machines cover in neither case the full number of machines specified in the department's advertisement. As the proposals in all cases are made on a unit basis, it is believed advisable not to contract for the full number specified as the readjustments in the machine service throughout the country which will be necessary, if the committee's recommendations are approved, may change materially the number of machines needed. It is easily conceivable from what the committee has learned with reference to the assignment of canceling machines that a careful readjustment of the service will make it possible to do all the work with a less number of machines than are now used, as there are quite a few offices where one high-grade machine can be substituted to advantage for two or more of the medium-grade machines which are now

being used. It is believed to be much better to make contracts for a minimum number, as this can be added to whenever machines are needed.

W. E. Ellis, of Haverhill, Mass., submitted a proposal, along with the others, to rent or sell a small hand machine at \$90 each for 50 or more or \$70 each for 100 or more. The committee has only seen a working model of this machine, which was tested rather informally. It is understood that the inventor has since changed the machine in some minor details in order to make it more nearly perfect, but the improved model has not been tried. There are some features about this machine that are exceedingly attractive and give promise of excellent results. It is very simple in construction, easily operated and is fully as fast as the hand machines that have hitherto been used. The committee, of course, can not make a recommendation that a contract be entered into with Mr. Ellis, as the machine has had no trial under service conditions, and in fact is only just now completed, but it makes an unusually good showing and would seem to meet very nicely the Government's needs at small offices. The working model of this machine gives such excellent promise of satisfactory results that the committee feels that Mr. Ellis should be allowed to put one in a post office near his home for a trial of say four months in order to determine its exact qualities.

A statement showing the annual rate of rental for canceling machines August 1, 1912, as compared with the approximate amount payable under contracts as recommended herein is submitted herewith, marked "Exhibit C," also a statement showing the machines under rental at present by companies, marked "Exhibit D."

COUNTING DEVICES FOR CANCELING MACHINES.

In drafting the specifications for canceling machines to be rented under a four-year contract counters were provided only for the high-grade machines. In the course of the committee's investigation into the general subject of canceling machines it has developed that the omission of the counter on the other grades, particularly the power machines, was a mistake. The demand for statistics relative to mail matter is becoming more in evidence every day, and there would seem to be no way by which this information relative to letter mail at least can be supplied more easily or more correctly than by a counter attached to the canceling machine. Counting letter or circular mail by hand is tedious and inaccurate and oftentimes it can not be done satisfactorily without delaying the dispatches. A study of the reports received from time to time from postmasters as to the number of pieces handled at their respective offices shows conclusively that the figures furnished are estimates rather than the result of an actual count.

These counters are inexpensive. The committee understands that their cost is approximately \$5 each. It is believed that the benefits accruing from their use would more than offset this expense.

RECOMMENDATION.

It is recommended that all new canceling machines which may be furnished hereafter be equipped with a suitable counting device.

THE ASSIGNMENT OF CANCELING MACHINES.

It appears to have been the practice to assign canceling machines to post offices on the basis of gross receipts, the annual amount determining the grade of machine. This plan would seem to work fairly well in the average case, but there are many post offices where the receipts are not a correct index of the amount of work performed. The committee is informed that it has been difficult also to obtain from postmasters reliable data as to the average number of pieces of letter mail postmarked at their respective offices daily in order to determine approximately the time that a canceling machine would be needed and of what probable capacity. In consequence of the department's inability to secure satisfactory data on this subject many post offices are equipped with machines not suited to their needs, as will be seen by an examination of the list. Some have machines of greater capacity than the volume of mail which they handle requires, while at other offices the equipment is inadequate. Furthermore, some postmasters have apparently taken the view that a number of small machines was more effective than fewer of high capacity. The committee realizes that hitherto contracts for the rental of canceling machines could not be made for a longer period than one year, and as the annual rate of expend-

iture has always been so close to the sum appropriated, it was apparently not feasible to many many shifts of machines from one office to another during the year. The prospect, however, of the adoption of several new models for rental under a four-year contract and the apparent necessity of making many shifts of machines, should the committee's report be approved, would seem to make it very desirable that the list of large offices at least be gone over carefully, with a view to a more logical assignment of these machines than now exists.

The saving which the committee's recommendations herein show can be effected by the proposed four-year contracts should not be counted on as money to be turned back into the Treasury. If an exclusive contract were entered into the amount saved would undoubtedly permit of a reduction in the annual appropriation, but under the distribution of the contracts as herein recommended the annual saving from the present cost of the service will probably not exceed \$60,000, and this amount can be used very profitably in extending the use of these labor-saving devices throughout the service. There are at present nearly 200 post offices where city delivery service is in operation that are without the use of a canceling machine. Almost 75 of these are in Federal buildings.

RECAPITULATION OF RECOMMENDATIONS.

EXCLUSIVE CONTRACT.

That an exclusive contract for the rental of canceling machines be not made.

AUTOMATIC ELECTRIC HIGH-GRADE MACHINES.

That contracts be entered into for the rental of high-grade machines as follows:

Time Marking Machine Co. of Chicago, 100 Cummins, at \$270 each.

Universal Stamping Machine Co. of New York, 100 Universal C, at \$234 each.

American Postal Machines Co. of Boston, 100 Stoddard, at \$190 each.

B. F. Cummins Co. of Chicago, 150 Cummins No. 7, at \$132 each.

AUTOMATIC ELECTRIC MEDIUM GRADE MACHINES.

That contracts be made for the rental of medium grade machines as follows:

International Postal Supply Co., of New York, 105 Model S., at \$150 each.

Universal Stamping Machine Co., of New York, 100 Universal B, at \$144 each.

The B. F. Cummins Co. of Chicago, 250 Cummins No. 11, at \$104 each.

American Postal Machine Co. of Boston, 300 American No. 1, at \$90 each.

HAND-POWER MACHINES.

That a contract be entered into with the American Postal Machines Co. of Boston, for 300 of the No. 1 hand-power machines at an annual rental of \$70 each, and a contract with the B. F. Cummins Co. of Chicago, for 250 of their No. 11 machines at an annual rental of \$76 each.

COUNTING DEVICES FOR CANCELING MACHINES.

That all new canceling machines which may be furnished hereafter be equipped with a suitable counting device.

Respectfully,

E. T. BUSHNELL.
GEORGE L. WOOD.
N. A. MERRITT.
B. L. ANDRUS.

EXHIBIT A.

Schedule of proposals for renting canceling machines for use in the postal service during the four years beginning July 1, 1913, also to sell the machines to the Government, opened in the office of the purchasing agent, Post Office Department, March 20, 1912.

ITEM (a).—450 AUTOMATIC ELECTRIC HIGH-GRADE CANCELING MACHINES, CAPABLE OF POSTMARKING AND CANCELING NOT LESS THAN 500 LETTERS A MINUTE.

Bidder.	Rent per annum per machine.				Per machine on basis of entire award.	Selling price per machine.	
	50 or more.	100 or more.		Entire number.		50 or more.	100 or more.
Universal Stamping Machine Co., New York, N. Y.	\$250	\$234	200 or more, \$225..	\$204	\$184.....	\$875	\$850
American Postal Machine Co., Boston, Mass. ¹	200 250	190 240	200 or more, \$175..	165 240	\$160.....	600	500
Time Marking Machine Co., Chicago, Ill.	270	270	125, \$270.....			750	750
The B. F. Cummins Co., Chicago, Ill.: Model No. 6.....	194	180	.....	180	150 to 450, \$144....	272	248
Model No. 7.....	144	132	.....	120	300 to 450, \$108....	236	220
William Barry, Oswego, N. Y.		150	.....				250
International Postal Supply Co., Brooklyn, N. Y.	300	300	Over 325, \$275.....	275	\$275.....	1,500	1,500

NOTE.—The Time Marking Machine Co. offer to sell 125 machines for \$750.

ITEM (b).—650 AUTOMATIC ELECTRIC MEDIUM-GRADE CANCELING MACHINES¹ CAPABLE OF POSTMARKING AND CANCELING NOT LESS THAN 250 LETTERS A MINUTE.

Universal Stamping Machine Co., New York, N. Y.	\$150	\$144	200 or more, \$134..	\$115	\$100.....	\$405	\$400
American Postal Machine Co., Boston, Mass., Combination Model.	140	130	300 or more, \$124..				
No. 1, with one-eighth horsepower motor.	100	96	400 or more, \$120..	90	\$80.....	400	350
The B. F. Cummins Co., Chicago, Ill.: Model No. 7.....	144	132	200 or more, \$110..	80	\$76.....	300	275
Model No. 11.....	112	104	300 or more, \$100..				
Columbia Postal Supply Co., Silver Creek, N. Y.	120	110	400 or more, \$96..	95			
International Postal Supply Co., Brooklyn, N. Y.	150	150	200 or more, \$90..	135	\$135.....	750	750
			Over 150, \$135.....				

¹ For machine capable of canceling not less than 1,500 short letters a minute.

Schedule of proposals for renting canceling machines for use in the postal service during the four years beginning July 1, 1913, also to sell the machines to the Government, opened in the office of the purchasing agent, Post Office Department, March 20, 1912—Contd.

ITEM (c).—125 NONAUTOMATIC ELECTRIC CANCELING MACHINES, CAPABLE OF POST-MARKING AND CANCELING LETTERS AS FAST AS THEY CAN BE FED INTO THE MACHINE SINGLY BY THE OPERATOR.

Bidder.	Rent per annum per machine.				Per machine on basis of entire award.	Selling price per machine.	
	50 or more.	100 or more.		Entire number.		50 or more.	100 or more.
Universal Stamping Machine Co., New York, N. Y.	\$120	\$115		\$110	\$100.....	\$405	\$400
American Postal Machines Co., Boston, Mass.	80	80		80	\$72.....	300	250
The B. F. Cummins Co., Chicago, Ill., Model No. 11.	112	104		84	\$84.....	210	200
F. C. Ielfield, Silver Creek, N. Y.						274	265

ITEM (d).—650 HAND-POWER CANCELING MACHINES, CAPABLE OF POSTMARKING AND CANCELING NOT LESS THAN 150 LETTERS A MINUTE.

Universal Stamping Machine Co., New York, N. Y.	\$75	\$72	200 or more, \$70...	\$62	\$50.....	\$275	\$250
American Postal Machines Co., Boston, Mass.:							
Model No. 1.....	80	80	{200 or more, \$70...}	60	\$58.....	260	240
Model No. 2.....	54	50	{200 or more, \$48...}	40	\$40.....	150	135
			{400 or more, \$44...}				
The B. F. Cummins Co., Chicago, Ill.:							
Model No. 9.....	105	92		80	325 to 650, \$72.....	216	200
Model No. 11.....	86	76		66	325 to 650, \$60.....	180	165
Columbia Postal Supply Co., Silver Creek, N. Y.	60	55		50		225	200
International Postal Supply Co., Brooklyn, N. Y.	80	80	Over 200, \$70.....	70	\$70.....	400	400
W. E. Ellis, Haverhill, Mass.	90	70	200 or more, \$60...	50	\$50.....	300	225

NOTE.—W. E. Ellis offers to sell the entire number under this item (650) for \$150 each.

EXHIBIT B.

Automatic electric high-grade canceling machines—General average resulting from various tests with short collection mail.

Machine.	Manufacturer.	Where tested and by whom.	Average per minute.	Average per hour.	Per cent skips.	Size of motor.	Approximate cost of motor.	Approximate cost of rheostat.
						<i>Horse-power.</i>		
Flier, in service.	{ International Postal Supply Co., New York.	New York post office.	538	32,280	2.53	$\frac{1}{2}$	\$43-\$48	\$7.25-\$8
		Chicago post office.	520	31,200	.90	$\frac{1}{2}$	43-48	7.25-8
		13 post offices.	522	31,320	1.93	$\frac{1}{2}$	43-48	7.25-8
		Washington, committee.	611	36,660	3.10	$\frac{1}{2}$	43-48	7.25-8
Cummins, service.	{ Time Marking Machine Co., Chicago, Ill.	Chicago post office.	619	37,140	1.43	$\frac{1}{2}$	53-58	.....
		15 post offices.	524	31,440	4.59	$\frac{1}{2}$	(1)	.....
Stoddard, service.	{ American Postal Machines Co., Boston, Mass.	17 post offices.	409	24,540	3.74	$\frac{1}{2}$	43-48	7.25-8
		Washington, committee.	538	32,280	1.27	$\frac{1}{2}$	43-48	7.25-8
		Boston, committee.	544	32,640	.65	$\frac{1}{2}$	43-48	7.25-8
Universal new.	{ Universal Stamping Machine Co., New York.	New York post office.	541	32,462	1.3	$\frac{1}{2}$	25	.....
		Washington post office.	601	36,060	1.94	$\frac{1}{2}$	25	.....
		Washington, committee.	588	35,280	1.16	$\frac{1}{2}$	25	.....
Cummins 5, new.	{ B. F. Cummins Co., Chicago, Ill.	Washington, committee.	662	37,920	3.28	$\frac{1}{2}$	43-48	.....
		Chicago, committee.	572	34,320	2.28	$\frac{1}{2}$	43-48	.....
Cummins 7, new.	{do.....	Washington, committee.	602	36,120	1.69	$\frac{1}{2}$	43-48	.....
		Chicago, committee.	550	33,360	1.90	$\frac{1}{2}$	43-48	.....

¹ Includes starting box.

EXHIBIT C.

Statement showing annual rental for canceling machines August 1, 1912, and approximate amount payable under contracts as recommended effective July 1, 1912.

AUTOMATIC HIGH-GRADE ELECTRIC.

Present service: Contracts expiring June 30, 1913.		Proposed service: Contracts recommended, beginning July 1, 1913.	
263 Flier, at \$300.....	\$84,900	100 Cummins, at \$270.....	\$27,000
131 Cummins, at \$270.....	35,370	100 Stoddard, at \$190.....	19,000
41 Stoddard, at \$225.....	9,225	100 Universal C, at \$234.....	23,400
		150 Cummins No. 7, at \$132.....	19,800
455	129,495	450	89,200

AUTOMATIC MEDIUM-GRADE ELECTRIC.

268 Combination, at \$135.....	\$53,730	105 Model S, at \$150.....	\$15,750
105 Model S, at \$150.....	15,750	100 Universal B, at \$144.....	14,400
81 Columbia, at \$110.....	8,900	250 Cummins, No. 11, at \$104.....	26,000
60 Universal B, at \$150.....	9,000	300 American, No. 1, at \$90.....	27,000
644	87,380	755	83,150

NONAUTOMATIC ELECTRIC.

268 Drop-feed, at \$90.....	\$20,520
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Statement showing annual rental for canceling machines August 1, 1912, and approximate amount payable under contracts as recommended effective July 1, 1912—Continued.

HAND POWER.

Present service: Contracts expiring June 30, 1913.		Proposed service: Contracts recommended, beginning July 1, 1912.	
366 American, No. 1, at \$72.....	\$26,352	300 American, No. 1, at \$70.....	\$21,000
17 American, No. 2, at \$54.....	918	250 Cummins, No. 11, at \$76.....	19,000
170 Model L, at \$80.....	13,600		
553	40,870	550	40,000
1,880	278,265	1,756	212,350

EXHIBIT D.

Statement showing canceling machines under rental contract expiring June 30, 1913; also number in actual service and amount paid each company.

	Annual rate.	Under contract.		In service.	
		Number.	Amount.	Number.	Amount.
<hr/>					
American Postal Machines Co.:					
Stoddard.....	\$225	25	\$5,625	41	\$9,225
Combination.....	135	400	54,000	198	53,730
Drop-feed.....	90	266	23,940	228	20,520
No. 1 hand power.....	72	200	14,400	366	26,352
No. 2 hand power.....	54	10	540	17	918
Total.....			98,505		110,745
<hr/>					
International Postal Supply Co.:					
Flier.....	300	285	85,500	283	84,900
Model S.....	150	88	13,200	105	15,750
Model L.....	80	100	8,000	170	13,600
Total.....			106,700		114,250
<hr/>					
Time Marking Machine Co., Cummins.....	270	85	22,950	131	35,370
Columbia Postal Supply Co., Columbia.....	110	75	8,250	81	8,910
Universal Stamping Machine Co., Universal.....	150	25	3,750	60	9,000
Total.....		1,559		1,880	
<hr/>					
Grand total.....			240,155		278,275

Distribution of contracts as recommended.

Time Marking Machine Co., Chicago: 100 Cummins, at \$270.....	\$27,000
Universal Stamping Machine Co., New York:	
100 model C, at \$234.....	\$23,400
100 model B, at \$144.....	14,400
	37,000
American Postal Machines Co., Boston:	
100 Stoddard, at \$190.....	19,000
300 No. 1 electric, at \$90.....	27,000
300 No. 1 hand, at \$70.....	21,000
	67,000
B. F. Cummins Co., Chicago:	
150 Cummins No. 7, at \$132.....	19,800
250 Cummins No. 11, electric, at \$104.....	26,000
250 Cummins No. 11, hand, at \$76.....	19,000
	64,800
International Postal Supply Co., New York: 105 model S, at \$150.....	15,750
Total.....	212,350

Mr. McCoy. This report is the report of the canceling machine committee on the bidding of March 20, 1912. Now, then, I offer a supplemental report dated December 6, 1912, and that will be marked "Exhibit No. 314."

EXHIBIT No. 314.

RENTAL OF CANCELING MACHINES—SUPPLEMENTAL REPORT.

POST OFFICE DEPARTMENT,
Washington, December 6, 1912.

HON. FRANK H. HITCHCOCK, *Postmaster General*.

SIR: After further consideration of the matter of making awards to the several canceling machine companies for the rental of machines for the period of four years beginning July 1, 1913, the committee believes that it would be in the interest of the service to leave a margin of at least 100 machines of the high-grade electric type in order to afford an opportunity for a further contract later on if it should be found desirable. It is therefore recommended that the number of machines allotted to the several companies from whom proposals were received, as embodied in the committee's report of August 31, 1912, be amended to read as follows:

AUTOMATIC ELECTRIC HIGH-GRADE MACHINES.

Time Marking Machine Co., of Chicago, 50 Cummins, at \$270 each.
Universal Stamping Machine Co., of New York, 75 Universal C, at \$250 each.
American Postal Machines Co., of Boston, 75 Stoddard, at \$200 each.
B. F. Cummins Co., of Chicago, 150 Cummins No. 7, at \$132 each.

AUTOMATIC ELECTRIC MEDIUM-GRADE MACHINES.

International Postal Supply Co., of New York, 105 Model S, at \$150 each.
Universal Stamping Machine Co., of New York, 100 Universal B, at \$144 each.
The B. F. Cummins Co., of Chicago, 250 Cummins No. 11, at \$104 each.
American Postal Machines Co., of Boston, 300 American No. 1, at \$90 each.

HAND-POWER MACHINES.

American Postal Machines Co., of Boston, 300 No. 1 hand-power, at \$70 each.
The B. F. Cummins Co., of Chicago, 250 No. 11, at \$76 each.

Respectfully,

E. T. BUSHNELL.
GEO. L. WOOD.
N. A. MERRITT.
B. L. ANDRUS.

Approved, December 7, 1912.

(Signed) F. H. HITCHCOCK, *Postmaster General*.

Mr. McCoy. Mr. Bushnell, you were appointed by the Postmaster General as one of the committee to open bids advertised to be opened on October 31, 1911?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Were you made chairman of that committee by appointment, or by election of the other members of the committee?

Mr. BUSHNELL. By appointment in accordance with the practice of the department.

Mr. McCoy. The date of that appointment was about when?

Mr. BUSHNELL. October 31.

Mr. McCoy. It was made on October 31?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Was the appointment made by a written announcement?

Mr. BUSHNELL. By an order of the Postmaster General—one of the exhibits here.

Mr. McCoy. I was going to ask that. What exhibit is that, if you remember? Well, let me save time if I can. Exhibit B, at page 14 of this record, being a preliminary report of the committee, of which you are chairman, states to the Postmaster General that this committee was appointed a committee to open, at the office of the purchasing agent at 2 o'clock p. m. October 31, 1911, proposals for renting or furnishing cancelling machines for the postal service, and to submit to the Postmaster General such reports as seem proper. That is the substance of the appointment, is it?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. The witness shows me a copy of an order, and the substance of it has just been read into the record. What is the date of that?

Mr. BUSHNELL. October 31.

Mr. McCoy. The date of the order, as appears from the copy of the order submitted, is October 31, 1911. Had you, prior to October 31, 1911, anything to do with the matter of calling for these bids?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Had you any conference with Dr. Grandfield in regard to calling for them?

Mr. BUSHNELL. No, sir. I was away at the time the advertisement was issued, in July.

Mr. McCoy. And prior to the time when the advertisement was issued you had been away, had you?

Mr. BUSHNELL. Not all the time.

Mr. McCoy. Had you any conference prior to that date?

Mr. BUSHNELL. I do not recall any.

Mr. McCoy. Had you any conference with him in regard to the question of endeavoring to get a bid for the exclusive contract?

Mr. BUSHNELL. I think the matter had been discussed between Dr. Grandfield and myself as a good business proposition.

Mr. McCoy. Had you discussed it at any time prior to the advertisement, with Mr. Cummins?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Had you ever seen any correspondence prior to that time from Mr. Cummins?

Mr. BUSHNELL. Not that I recall.

Mr. McCoy. So, as far as you know, prior to the date of the advertisement Mr. Cummins had never suggested the matter?

Mr. BUSHNELL. Not that I have any recollection of.

Mr. McCoy. Had Dr. Grandfield ever stated to you prior to that date that Mr. Cummins had made such a suggestion?

Mr. BUSHNELL. I do not recall any such conversation.

Mr. McCoy. So the discussion, whatever it was, was limited to talk in the regular course of business between you and Dr. Grandfield? Is that right?

Mr. BUSHNELL. That is right.

Mr. McCoy. What was your position in the Post Office Department in July, 1911?

Mr. BUSHNELL. Chief clerk of the bureau of the First Assistant Postmaster General.

Mr. McCoy. And that position you have occupied continually since then, except when you were acting as First Assistant Postmaster General?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Prior to the advertising in July for the October bids, had you discussed the question of an exclusive bid with anybody except Dr. Grandfield?

Mr. BUSHNELL. I think not.

Mr. McCoy. Had you ever discussed it with Mr. Hinman, representing the Cummins Co.?

Mr. BUSHNELL. I do not think so.

Mr. McCoy. How long, if at all, before October 31, 1911, were you informed that you were to be appointed on this committee?

Mr. BUSHNELL. About a half hour or an hour before the bids had been opened.

Mr. McCoy. And prior to that you had no information on that subject?

Mr. BUSHNELL. None whatever.

Mr. McCoy. Subsequent to the date of the advertising had you any discussion with Dr. Grandfield about the proposed bidding?

Mr. BUSHNELL. I do not recall any specific conversation. Dr. Grandfield and I frequently conferred on the matter of canceling machines. We were both interested in the service.

Mr. McCoy. The matter comes substantially within your control and his for practical purposes, does it not, subject, of course, to the approval of the Postmaster General, as to what you do or recommend?

Mr. BUSHNELL. Substantially.

Mr. McCoy. You were present when the bids were opened on October 31?

Mr. BUSHNELL. I was.

Mr. McCoy. What, if anything, did the committee do between the 31st of October and the 15th of December, 1911, in connection with this matter?

Mr. BUSHNELL. We held meetings occasionally when the members of the committee could give their time to it; discussed the proposition in general, and endeavored to get all the light we could on the proposition before us.

Mr. McCoy. Did the committee appoint a secretary?

Mr. BUSHNELL. No. There were only three of us and that seemed hardly necessary.

Mr. McCoy. Was any record kept of the discussions?

Mr. BUSHNELL. No.

Mr. McCoy. I wish you would be a little more specific as to what the committee was doing between the 31st of October and the 15th of December?

Mr. BUSHNELL. We were simply endeavoring to determine what report we could make under the Postmaster General's order.

Mr. McCoy. That is extremely general, Mr. Bushnell. I asked you to be more specific.

Mr. BUSHNELL. We were endeavoring to get such information as we could in regard to different machines. We could not make a report without information in regard to them.

Mr. McCoy. I agree with you entirely, but when you tell me you were endeavoring to do such a thing and do not state that you did something, then my only inference is that your endeavors did not amount to anything and that you sat in your own office and talked the thing over. What did you do specifically?

Mr. BUSHNELL. We came to the conclusion——

Mr. McCoy (interposing). I do not care what conclusion you came to. What did you do?

Mr. BRITT. He is leading up to that.

Mr. McCoy. I have had enough experience with the witness to know that it does not lead anywhere except to more questions from me. Here was a committee appointed on an important matter. It is a year old, and they have been sleeping on it ever since. The witness tells me they were endeavoring to do certain things. What did you do?

Mr. BRITT. Probably he will introduce a detailed statement.

Mr. McCoy. I have had several answers, but we have not gotten anywhere. I wish to know what the committee did, and I think the witness understands my question, but he is not answering it.

Mr. BUSHNELL. We had to discuss the problem of what we could do. We had to get light as to the accomplishments of the various machines offered. We sent out to postmasters, as a preliminary effort, if I may use that word, a notice asking them to make certain tests of machines which were then in the service. We later asked the several companies which had submitted bids on October 31 to send their machines to Washington in order that we might possibly determine, in a general way, what the different machines were like and what they would do under preliminary tests. That took time.

Mr. McCoy. Well, did you get any replies from the postmasters between the 31st of October and the 15th of December?

Mr. BUSHNELL. Surely; you have the exhibits here of some of the information we obtained.

Mr. McCoy. That is what I was coming to. What exhibits are they?

Mr. BUSHNELL. Exhibits—I do not recall the number. You introduced them in evidence a few days ago; some of those exhibits showing the relative efficiency of different machines. Those that you introduced, however, were only those relating to the higher grade machines. We secured, then, information in regard to every machine in the service.

Mr. McCoy. That is, information from postmasters?

Mr. BUSHNELL. From postmasters.

Mr. McCoy. Has that information been put into the record?

Mr. BUSHNELL. No.

Mr. McCoy. Where is it?

Mr. BUSHNELL. I have it here [showing paper].

Mr. McCoy. Let me have it, please.

Mr. BUSHNELL (handing paper). You have copies of it, however, Mr. McCoy. You have copies of all of them. They were sent up way back in the early part of August.

Mr. BRITT. Those are letters from the postmasters in response to your inquiries?

Mr. BUSHNELL. Yes; summarized.

Mr. BRITT. You have them here?

Mr. BUSHNELL. They have them all here.

Mr. McCoy. Do you refer to those letters which were summarized in Exhibit AAA for identification, being that large typewritten sheet we had here the other day?

Mr. BUSHNELL. No; that is not it at all.

Mr. McCoy. Do you refer to what was put in at the time Dr. Grandfield was reading from Mr. Waters's statement the other day?

Mr. BUSHNELL. I do not recall what he read, but they are similar to those, the summary of the Universal B, the Model S, and the Combination.

Mr. McCoy. You were here the other day when I read certain recapitulations?

Mr. BUSHNELL. Yes.

Mr. McCoy. Those recapitulations are the summaries of the information which you got?

Mr. BUSHNELL. Part of it.

Mr. McCoy. What was the rest of it?

Mr. BUSHNELL. In regard to the other machines, copies of which you have tabulated in the same way.

Mr. McCoy. Let me see those, please.

Mr. BUSHNELL [handing paper]. There are three of them. Those are duplicates.

Mr. McCoy. Are those the three we have?

Mr. BUSHNELL. No; they are my copies.

Mr. McCoy. I find here certain figures in five separate files. I have already read into the record the recapitulations from files Nos. 4, 5, 6, 10, and 11. I find three additional ones numbered 7, 8, and 9. Will you look at all five of them and see what those are?

Mr. BUSHNELL. They are the ones to which I referred.

Mr. McCoy. And those are all that there were?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. I read from No. 7. It is headed:

UNIVERSAL.

(Universal Stamping Machine Co., New York, N. Y.)

Five-minute tests, collections, short letters and postal cards, mixed.

RECAPITULATION.

Fifteen minutes.

Forty-five tests, three minutes each.

Average number of pieces per minute, 265.

Average number of pieces per hour, 15,900.

Average per cent of skips, 2.94.

No. 8, entitled:

COMBINATION.

(American Postal Machines Co., Boston, Mass.)

Five-minute tests, collection short letters and postal cards, mixed.

RECAPITULATION.

Eleven machines, 33 tests, five minutes each.

Average number of pieces per minute, 197.

Average number of pieces per hour, 11,820.

Average per cent of skips, 6.35.

No. 9, entitled:

MODEL S.

(International Postal Supply Co., Brooklyn, N. Y.)

Five-minute tests, collection short letters and postal cards, mixed.

RECAPITULATION.

Ten machines, 30 tests, five minutes each.

Average number of pieces per minute, 227.

Average number of pieces per hour, 13,620.

Per cent of skips, 3.54.

Mr. BUSHNELL. I want to say, Mr. McCoy, that Nos. 10 and 11 were not reports which grew out of any request on the part of the committee. Those are reports that were made under instructions from the department at some other time. They were used, however, by the committee for its information. I also state that those relate to another machine entirely, the Model C of the Universal Co.

Mr. McCoy. What do you mean by their relating to another machine entirely?

Mr. BUSHNELL. A machine not in the service. They relate to a different model machine than the ones referred to as Model B.

Mr. McCoy. The Universal Co. bid on that machine, did it not?

Mr. BUSHNELL. Surely.

Mr. McCoy. I have here in my hand paper No. 10, which is a letter to the First Assistant Postmaster General from the postmaster at New York City, replying to a communication of October 7, 1911, and states that the Universal Stamping Machine Co., of New York, placed one of its Model C machines in the Hudson Terminal Station for a thorough and impartial test of 30 days, and that such test has been made, and then gives a schedule of results, which I will not read, but will hand it to the stenographer and let him put it in the record. If anybody wants the whole of it to go in—the whole letter—then it would be only fair to take from these various sheets, which we have here—4, 5, 6, 7, 8, and 9—and put in a whole lot of other statements about all these other machines, which I have not read and do not want to read if I do not have to. I think the figures which are going in may fairly be compared with these recapitulations which I have read into the record without reading the comments any more than reading the comments which I find in these other files. The schedule is as follows:

Class of mail.	Average pieces canceled.		Percentage of skips.
	Per hour.	Per minute.	
Small mixed letters.....	32,462	541	1.3
Large mixed letters.....	25,924	432	1.2
Letters of uniform size.....	33,564	559	.4
Postal cards.....	44,237	737	1.0
Small mixed circulars.....	27,188	453	1.5
Large mixed circulars.....	23,000	368	1.1
Circulars of uniform size.....	28,371	473	.6

Mr. BRITT. I would like to ask a question of Mr. Bushnell at this stage. The tests embodied here in the statement to which Mr. McCoy has referred were tests made on a machine not in actual service, but were preliminary tests?

Mr. BUSHNELL. That is right.

Mr. BRITT. The machine was not a machine in actual continuous use in the service?

Mr. BUSHNELL. It was not in use.

Mr. McCoy. If the postmaster is to be believed, the machine was given a thorough and impartial test for 30 days in the Hudson Terminal Station in New York. That is a fact if he is to be believed.

Mr. BUSHNELL. It was a machine not under contract.

Mr. McCoy. Nor were any of the Cummins machines under contract?

Mr. BUSHNELL. No.

Mr. McCoy. And you were considering those?

Mr. BUSHNELL. Yes.

Mr. McCoy. Then, your answer has no significance that it was not equal to those Cummins 5, 7, and 11?

Mr. BUSHNELL. It is in the same category.

Dr. GRANDFIELD. But those are not tests of the Cummins machines. They were tests of machines that are now and had been under contract.

Mr. McCoy. Yes; that is quite true; and the fact also is that those machines which were under contract got 45 tests of 5 minutes each, which is 225 minutes, we will say 4 hours, and this report shows that the machine that was tested up there by the postmaster of New York got a test of 30 days. I do not think there is any significance in Dr. Grandfield's remark, except to emphasize the fact that the test up in New York was a much more thorough one than the test report on these others, notwithstanding that the others had been under contract. As already disclosed in the record, the Cummins machines that the committee were considering had been considering for apparently something like a year at the time when they proposed to make the award, as they did early in the month of December, had never been in the service, and it is doubtful whether they were really invented at that time as they exist to-day. Now, I have one of these sets of reports or compilations which you say you considered, which is No. 11, and it refers to Model C, which is the same machine that we have been talking about and which was mentioned in No. 10.

Mr. BUSHNELL. Did I understand you to say that I said we did not consider them?

Mr. McCoy. No. I understand that you did consider them.

Mr. BUSHNELL. Yes.

Mr. McCoy. This report No. 11 on the Universal C is a report from Mr. Merritt, the postmaster in Washington City, and is dated October 18, 1911—or the letter is—and states that there is no recapitulation here except under the heading "General average," which I will read, and each item can be put on a separate line:

Total number of pieces treated, 37,908.

Total number of pieces skipped, 386.

Per cent skipped, 1.

Per cent correctly treated, 99.

Number of pieces per hour, 32,035.

I find in lead pencil on bundle No. 11, on the third page, Mr. Bushnell, a computation. Is that yours?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. It reads: "Total, 25 minutes; pieces, 15,029; skips, 293; percentage, 1.94; per hour, 36,060; per minute, 601." Is that

a computation of Mr. Merritt's figures, or is that something which was the result of a committee test, or your own test?

Mr. BUSHNELL. It is just a compilation of those figures.

Mr. BRITT. I did not quite follow you there. Are you taking that now with a test of what machines?

Mr. McCoy. That is the same model, Universal C. Are you not mistaken in saying that is a compilation?

Mr. BUSHNELL. It is a general average, I think.

Mr. McCoy. Mr. Merritt says that the number of pieces per hour was 32,035, while you have it 36,060. Then, again, he has the per cent as 1 per cent, and you have it 1.94.

Mr. BUSHNELL. I think you will find that compilation merely relates to collection of mail without regard to postal cards.

Mr. McCoy. Whereas Mr. Merritt's test is based on the following: He says: "In addition to the above, a few tests were made of matter out of the usual class of mail, termed as letters and circulars, which we treated without a skip, each piece receiving a clear and satisfactory postmark, without any bagging or a single mutilation. The matter treated was as follows: Five hundred weather maps, rated the same as newspapers; a number of extra large heavy letters from the Bureau of Supplies and Accounts, measuring $8\frac{1}{2}$ by $11\frac{1}{2}$ inches and one-fourth of an inch thick; 923 circulars measuring each $6\frac{1}{2}$ by $9\frac{1}{2}$ inches and one-fourth of an inch thick; 200 extra large letters from the Patent Office, Department of the Interior; 575 circulars, measuring $9\frac{1}{2}$ by $12\frac{1}{2}$ inches, rather thick; 344 circulars, 6 by 8 inches, ordinary thickness." Now, then, all these things that I have read from 7, 8, 9, 10, and 11, and those previously read from 4, 5, 6, and 7, the committee had information of prior to December 15, 1911.

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. You said that the committee sent for machines to be brought to Washington for a test prior to December 15, 1911.

Mr. BUSHNELL. I was mistaken about that, Mr. McCoy. We asked the Postmaster General at that time for authority to make a thorough investigation of the whole canceling machine problem. You will see by the Postmaster General's order of October 31—

Mr. McCoy (interposing). Now, just a minute. If that is an exhibit I would rather have it referred to. Oh, all right. You mean the the order which I have already quoted in reading from Exhibit B? That is not an order, but that is substantially stated.

Mr. BUSHNELL. You will notice from that that the committee was instructed to open bids for furnishing canceling machines, etc., and to submit to the Postmaster General such recommendations as seemed proper. With that authority alone the committee, of course, could make no report to the Postmaster General involving an award of contract, because in the nature of things it was necessary for us to examine machines and all the data possible. Therefore, on December 15—

Mr. McCoy. Now, you are going ahead. I know what happened on December 15, but I want to keep on the other side of that date. I will come to that afterwards. Now, what else did you do between the 31st of October and the 15th of December, meaning the committee, or any member acting for the committee?

Mr. BUSHNELL. I have already stated that we had meetings from time to time.

Mr. McCoy. How many would you say you had between October 31 and December 15?

Mr. BUSHNELL. I do not recall that. I do not recall the number of meetings, but I should say we met as often as twice a week, if not oftener.

Mr. McCoy. What were you talking about?

Mr. BUSHNELL. The canceling machine problem, the question of recommending machines for the service.

Mr. McCoy. What specifically were you talking about? What did you have before you to talk about?

Mr. BUSHNELL. We had the bids of October 31.

Mr. McCoy. Very well. It did not take two meetings a week for about a month and a half to talk about those bids.

Mr. BUSHNELL. I think it did.

Mr. McCoy. What was there about the bids you were talking about?

Mr. BUSHNELL. Not about the bids specifically, but the entire proposition that the department was endeavoring to solve.

Mr. McCoy. What was the proposition it was endeavoring to solve?

Mr. BUSHNELL. The problem of canceling machines under the four-year contract for the service.

Mr. McCoy. You had the bids before you, and they were written in the English language?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. And the figures were all there?

Mr. BUSHNELL. But we had no machines before us.

Mr. McCoy. What difference did that make?

Mr. BUSHNELL. It made a great deal of difference.

Mr. McCoy. You discovered that, I suppose, soon after the 31st of October, that you did not have any machines?

Mr. BUSHNELL. Surely.

Mr. McCoy. Then that was settled in one conversation. Now, then, what else did you talk about?

Mr. BUSHNELL. It is hardly possible to be specific as to the exact conversation that we had.

Mr. McCoy. I have not asked you what the exact conversation was. I asked you what you talked about.

Mr. BUSHNELL. We talked about the question of recommending canceling machines.

Mr. McCoy. You talked about that about two meetings a week for something like six weeks? Is that right?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Now, at the first meeting, did you get so far as discovering that you did not have the machines to look at that were bid upon? You got that far?

Mr. BUSHNELL. I presume so.

Mr. McCoy. What was the next point of difficulty that you had to get settled? You have already testified you sent out for these reports. How early in the game, after the 31st of October, did you make up your mind to send for these reports?

Mr. BUSHNELL. We sent them out on November 7.

Mr. McCoy. From October 31—that was a week. That just took about two of your meetings. You got as far as sending out those. What did you do next?

Mr. BUSHNELL. We discussed the problem of securing machines for the service.

Mr. McCoy. The whole thing was the discussion of the problem of getting machines for the service? That was the general thing, was it not? I assume the committee discussed that; you need not tell me. If they discussed anything, they must have discussed that, because they could not have discussed anything else, if they were considering that. I want to know what step the committee took after the 7th of November, 1911?

Mr. BUSHNELL. The first step we took is embodied in that preliminary report which we submitted on December 15 to get authority from the Postmaster General to go ahead on an intelligent line.

Mr. McCoy. Then, do I understand you now to testify that between November 7, 1911, and December 15, 1911, you did absolutely nothing in the way of taking a step except to send for these reports from postmasters and recommend to the Postmaster General that you be given more authority?

Mr. BUSHNELL. We took no specific action.

Mr. McCoy. I did not ask you whether you took any specific action. Did you take any steps in the proceedings—action on the subject matter? A step is something that leads to an action. What step did you take? Did you have any papers before you?

Mr. BUSHNELL. We had the bids before us.

Mr. McCoy. What did you do with the bids? Did you sit down and compute who was the lowest bidder?

Mr. BUSHNELL. I do not recall whether we made any such computation or not.

Mr. McCoy. You did not think it was necessary, did you?

Mr. BUSHNELL. What seemed to be necessary was to get information as to the different machines; necessarily so.

Mr. McCoy. How soon did the committee, if it ever did, sit down and compute who was the lowest bidder?

Mr. BUSHNELL. We had those figures without computing.

Mr. McCoy. You had those figures on the bidding without computing them?

Mr. BUSHNELL. Surely.

Mr. McCoy. Do you mean to tell me it was not necessary to make any computation to see who was the lowest bidder?

Mr. BUSHNELL. No. I will qualify that.

Mr. McCoy. You had better.

Mr. BUSHNELL. By saying the schedule, which was made of the bids, showed that.

Mr. McCoy. It did show it?

Mr. BUSHNELL. Surely.

Mr. McCoy. All right. You take the schedule of those bids and show me how it shows who was the lowest bidder, comparatively speaking, without a computation.

(Witness examines papers.)

Mr. McCoy. Let me see the schedule to see whether it is in evidence or not.

Mr. BUSHNELL. That is not in evidence. That is simply a schedule that was prepared after the bids were opened. I simply prepared that for my own information.

Mr. McCoy. That is an interesting paper. I will offer that in evidence as Exhibit 315.

EXHIBIT No. 315.

OCTOBER 31, 1911.

Proposals to rent canceling machines, four years, beginning July 1, 1913.

Specifications.	Barnes Gear Co., Oswego, N. Y.		Universal Stamping Machine Co., New York.		American Postal Machines Co., Boston.	
	Each.	Total.	Each.	Total.	Each.	Total.
411. Automatic high-grade machines; capacity, 500 letters a minute.....	\$250	\$102,750	\$224	\$92,064	\$175	\$71,925
665. Automatic medium-grade machines; capacity, 250 a minute.....	200	137,000	115	78,775	100	68,500
237. Nonautomatic electric machines; capacity, 100 a minute.....					85	20,145
516. Hand-power machines; capacity, 150 a minute.....					64	33,024
Total.....						193,594

Specifications.	International Postal Supply Co., New York.		B. F. Cummins Co., Chicago, Ill.		Columbia Postal Supply Co., Silver Creek.	
	Each.	Total.	Each.	Total.	Each.	Total.
411. Automatic high-grade machines; capacity, 500 letters a minute.....	\$275	\$113,025	\$197	\$80,967		
665. Automatic medium-grade machines; capacity, 250 a minute.....	135	92,475	94	64,390	\$110	\$75,350
237. Nonautomatic electric machines; capacity, 100 a minute.....						
516. Hand-power machines; capacity, 150 a minute.....	70	36,120	71	53,463		
Total.....				198,820		

Proposals applied to number of machines actually in service November 1, 1911.

Specifications.	American Postal Machines Co., Boston.		B. F. Cummins, Co., Chicago, Ill.	
	Each.	Total.	Each.	Total.
435. Automatic high-grade machines; capacity, 500 letters a minute.....	\$175	\$76,125	\$197	\$82,695
635. Automatic medium-grade machines; capacity, 250 a minute.....	100	63,500	94	59,690
237. Nonautomatic electric machines; capacity, 100 a minute.....	85	20,145	71	54,883
536. Hand-power machines; capacity, 150 a minute.....	64	34,304		
Total.....		194,074		197,268

Now, take the paper and tell me how it is shown, without a computation, which was the lowest bidder?

Mr. BUSHNELL. This is a schedule of the bids by unit prices.

Mr. McCoy. Then it was a computation from the bids?

Mr. BUSHNELL. To that extent, certainly.

Mr. McCoy. Let me have it, please. That was not made, you say, for the information of the committee?

Mr. BUSHNELL. It did not seem so. I made it up for my own information. It was a matter we discussed, I presume, at the time.

Mr. McCoy. That is only a presumption. Do you remember whether you ever showed that to the other members of the committee?

Mr. BUSHNELL. I am sure I did. That was a phase of the subject that the other members of the committee were not as familiar with as I was myself.

Mr. McCoy. Well, now, I had almost forgotten that you had testified about that.

Mr. BRITT. Mr. McCoy, I would like to determine whether he found who the lowest bidders were. I think he has a right to do it. I demand he shall do it.

Mr. McCoy. If you will remember, Mr. Britt, the witness stated that he could arrive at the question who was the lowest bidder without computation, did he not?

Mr. BRITT. I do not recall as to that.

Mr. McCoy. And the question I asked him was how he could arrive at who was the lowest bidder without a computation. He produced this paper and showed it to me and said that it was a computation. Of course, anybody would know in advance that a computation would have to be made.

Mr. BRITT. You told him to take that and show how he determined who the lowest bidders were.

Mr. McCoy. No; I beg your pardon. Let us find the question.

Mr. BRITT. Let the notes be read back sufficiently far.

Testimony read.

Mr. BRITT. Do you want him to show from that how he arrives at the conclusion as to who was the lowest bidder?

Mr. McCoy. Not at all. I am going to use the paper for that purpose later on, but for the present I want to get in touch with the witness and his method of testifying. We had to take about four or five pages of the record to clear that fact up, namely, that nobody could tell from bids like this who was the lowest bidder without computation. I have almost forgotten that I had asked the question and ascertained that you had about two meetings a week. This exhibit, No. 315, bears date in lead pencil, October 31, 1911. That is not the day it was made?

Mr. BUSHNELL. No.

Mr. McCoy. When did you make this?

Mr. BUSHNELL. I do not recall that.

Mr. McCoy. That is gone from your recollection? Do you recall showing that to any member of the canceling-machine committee, however?

Mr. BUSHNELL. Oh, surely. We had copies. If I am not mistaken, there were several copies made of it.

Mr. McCoy. What was the object in having the copies made?

Mr. BUSHNELL. For the use of the committee.

Mr. McCoy. When were those made?

Mr. BUSHNELL. They were made at that time. There is the schedule that was made up at the time the bids were opened by the purchasing agent's office, I think.

Mr. MCCOY. That is a different paper from this one?

Mr. BUSHNELL. Yes; I know.

Mr. MCCOY. Let us not get too many things at a time.

Mr. BUSHNELL. I am endeavoring to explain that this schedule—

Mr. MCCOY. Made up by the purchasing agent's office?

Mr. BUSHNELL. Yes—does not work out the total amounts, and that was worked out simply to enlarge upon this schedule, so that the committee could discuss the matter more intelligently. It was worked out in several different forms.

Mr. MCCOY. You mean this Exhibit 315 was worked out so as to show something which the purchasing agent's compilation did not show?

Mr. BUSHNELL. Surely.

Mr. MCCOY. So it was made after that was made?

Mr. BUSHNELL. Yes, sir.

Mr. MCCOY. Is there any date on that purchasing agent's compilation?

Mr. BUSHNELL. No.

Mr. MCCOY. Is there any way of ascertaining when it was made except by calling him back?

Mr. BUSHNELL. No. They are accustomed to make up the schedule—

Mr. MCCOY (interposing). I am not criticising any part of it. I am trying to find out what the date of it was, if you know?

Mr. BUSHNELL. No; I do not.

Mr. MCCOY. Can you say, relatively, to October 31, whether it was a week or 10 days?

Mr. BUSHNELL. Probably about two or three days; probably the next day.

Mr. MCCOY. But, in all likelihood, it was made soon afterwards?

Mr. BUSHNELL. Yes.

Mr. MCCOY. How soon after that paper was prepared in the purchasing agent's office was Exhibit 315 prepared by you?

Mr. BUSHNELL. That I could not say.

Mr. MCCOY. You say that copies of Exhibit 315 were made?

Mr. BUSHNELL. That is my recollection.

Mr. MCCOY. Can you produce some of those copies? Have you one, Mr. Wood?

Mr. BUSHNELL. Mr. Wood was not a member of that committee.

Mr. MCCOY. Mr. Andrus have you a copy?

Mr. ANDRUS. I have not seen it.

STATEMENT OF MR. B. L. ANDRUS.

Mr. Andrus was duly sworn.

Mr. ANDRUS. I do not think I had a copy of it, but I have seen it.

Mr. MCCOY. About when was the first time?

Mr. ANDRUS. Inside of a week after the bids were opened.

Mr. MCCOY. Was that at a meeting of the committee, Mr. Andrus, or did Mr. Bushnell show it to you?

Mr. ANDRUS. My recollection is it was at a meeting of the committee.

Mr. McCoy. Did you see a typewritten copy? Was a copy submitted?

Mr. ANDRUS. I could not say, but frequently that was done. All members of the committee were furnished with copies.

CONTINUATION OF STATEMENT OF MR. E. T. BUSHNELL.

Mr. BUSHNELL. I had a typewritten copy of it made, but it was made on such a large sheet. I had a clerk in my office prepare it in that way in order to get it in smaller form. We could not put it on the typewriter without making the sheet as large as this. I think I have the original in the papers in my office written on the typewriter. I presume there were several copies made at the time.

Mr. McCoy. It is a matter of insignificance, except I am trying to fix the date if I can. I do not care whether it was typewritten or not, except it will help in that respect. Now, this Exhibit 315, Mr. Andrus states he thinks was submitted in about a week after the bids were opened, and there again we are up to about November 7, but we do not seem to be able to get beyond that point. Did the committee do any specific thing in connection with this matter between the 7th of November and the 15th of December, except to talk about it?

Mr. BUSHNELL. Apparently not very much.

Mr. McCoy. Did they send for and obtain from any branch of the Post Office service any papers other than those to which you have testified?

Mr. BUSHNELL. Any branch of the service?

Mr. McCoy. I made the question as broad as I can make it. Did they send and get any papers anywhere this side of heaven between the 7th of November and the 15th of December?

Mr. BUSHNELL. I confess I do not quite understand you, because we were appointed a committee to open bids, that is all, and make suitable recommendations.

Mr. McCoy. But you did send and get some papers from postmasters?

Mr. BUSHNELL. Yes.

Mr. McCoy. Did you send to anybody else and get any papers?

Mr. BUSHNELL. No.

Mr. McCoy. Did you yourself take out of the files in the Post Office Department any papers that had anything to do with the matter and get them before the committee between the 7th of November and the 15th of December?

Mr. BUSHNELL. I do not know about that. We had those exhibits that you have there from postmasters and such information as related to the subject in that form.

Mr. McCoy. Now wait a minute. Such information as related to the subject in that form. Do you mean that information or other information of a like nature in a similar form?

Mr. BUSHNELL. I can not see that any information from any of the files would have aided the committee and I can not see any purpose for which the committee would have gone through the files of the department to reach any conclusion under the instructions from the Postmaster General. We were appointed a committee to look into

the question of awarding—of opening these bids. We, as I stated before, and I can only state it again with emphasis—that we discussed this problem from time to time and discovered that we had very limited authority, and on the 15th of December we requested the Postmaster General to enlarge the committee and give the committee sufficient authority to go into the whole matter thoroughly. That is embodied in a report of the committee dated December 15, Exhibit B, on page 14.

Mr. McCoy. Did you make any attempt to ascertain whether there was anything in the department in the nature of a record which would assist the committee in reaching a conclusion before December 15, 1911?

Mr. BUSHNELL. I am pretty familiar with the records of the department and I can not, for the life of me, see what there is in the records, or what there was at that time in the records, that would throw any light upon the proposition before the committee.

Mr. McCoy. Three of those machines, about which we have reports, they had been in the service some time?

Mr. BUSHNELL. Yes.

Mr. McCoy. Was there not something in the department to throw light on those?

Mr. BUSHNELL. Why, undoubtedly. There are many reports that might throw light upon them, surely, but in order to get something more definite and something up to date we sent these circular letters out through the office of the First Assistant on November 7 in order to get a line on some of those machines that were in the service. It took some little time to get that information back from postmasters.

Mr. McCoy. When did that come back?

Mr. BUSHNELL. The dates of those letters that you have will show that.

Mr. McCoy. November 7?

Mr. BUSHNELL. That is the date the letters went out. Postmasters are not always very prompt in making answers.

Mr. McCoy. Let us get down to specifications. I suppose they are not prompt; but when did that information come back?

Mr. BUSHNELL. You have the letters there from the postmasters.

Mr. BRITT. On various dates.

Mr. BUSHNELL. Surely; you have the dates there.

Mr. McCoy. November 27, I find one; received November 22, November 18, November 16, November 27; two more November 27, December 7.

Mr. BUSHNELL. That confirms my statement that they were not very prompt.

Mr. McCoy. December 8.

Mr. BUSHNELL. That would seem to show, I think, that it took some little time to get even that information.

Mr. McCoy. Well, then, if I understand the substance of your testimony up to this point, it is that between the 31st of October and the 15th of December, 1911, there was nothing actually done?

Mr. BUSHNELL. Could not be.

Mr. McCoy. Except to get these reports from the postmasters and to talk about the matter. Is that right?

Mr. BUSHNELL. That is right.

Mr. McCoy. But the substance of the talk you do not remember?

Mr. BUSHNELL. Not specifically, except that it related to the one subject.

Mr. McCoy. Did you have any talk about the merits of any of the machines?

Mr. BUSHNELL. Naturally. We could hardly discuss the problem generally without something of that sort.

Mr. McCoy. Did Mr. Merritt have personal knowledge of the machines?

Mr. BUSHNELL. I presume so.

Mr. McCoy. Did Mr. Andrus have personal knowledge of the machines?

Mr. BUSHNELL. I can not say as to that.

Mr. McCoy. Then that was one thing that you discussed—the relative merits of those machines that were already in the service and which had been bid upon. Is that right?

Mr. BUSHNELL. To a considerable extent, certainly.

Mr. McCoy. Did you have any discussion about machines that were bid upon which had never been in the service?

Mr. BUSHNELL. Surely, we would have to in order to give every bidder the same chance.

Mr. McCoy. I mean, between the 31st of October and the 15th of December?

Mr. BUSHNELL. I presume so.

Mr. McCoy. Do you not remember whether you did or not?

Mr. BUSHNELL. It is quite natural we should.

Mr. McCoy. There was the bid of the B. F. Cummins Co. before you?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. And they were offering machines which were never in the service?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. What did you say about those machines?

Mr. BUSHNELL. I should say that we undoubtedly discussed those machines, because it was in the interest of the service to find out what machines of every make were on the market.

Mr. McCoy. Had you ever seen one of those machines?

Mr. BUSHNELL. No, sir; not at that time.

Mr. McCoy. Had Mr. Merritt seen one of them?

Mr. BUSHNELL. I do not think so.

Mr. McCoy. Had Mr. Andrus?

Mr. BUSHNELL. I am not qualified to answer that.

Mr. McCoy. Had Mr. Andrus seen one?

Mr. BUSHNELL. I do not know.

Mr. McCoy. Did he state whether or not he had seen one?

Mr. BUSHNELL. I do not remember.

Mr. McCoy. Did Mr. Merritt?

Mr. BUSHNELL. I do not recall.

Mr. McCoy. Then if any one of those gentlemen or yourself had never seen one of these machines, your discussion of them would be limited to a very few words?

Mr. BUSHNELL. I do not know about that. It has been in the interest of the service from time immemorial to get all possible knowl-

edge of canceling machines and labor-saving devices in order to get the most efficient machines.

Mr. McCoy. Why, of course, but up to this time none of you had ever seen the machines.

Mr. BUSHNELL. No.

Mr. McCoy. So your discussion about that machine would be limited to saying "we have never seen it," and that is hardly a discussion. Was there anybody else among the bidders who offered a machine which had never been in the service?

Mr. BUSHNELL. I do not know, because machines are improved, and that might need qualifying, because the machine that is in the service to-day and offered under a bid, with a considerable improvement on it, is in the nature of a new machine. Mr. Stoddard's machine, offered under the bid of March 20—the machine which he designates as the Stoddard—is represented to the Government as an improved machine.

Mr. McCoy. Consequently, the discussion of that would be very brief?

Mr. BUSHNELL. And the committee in its report puts it in the class of new machines,

Mr. McCoy. Consequently, the discussion of that would be very limited, constituting simply a statement that "None of us have seen that machine and we all must see it before we pass on it."

Mr. BUSHNELL. Certainly.

Mr. McCoy. And that would be good department work.

Mr. BUSHNELL. I understand that.

Mr. McCoy. Now, what discussion of the bids was there as bids without reference to the question of the merits of any machine bid upon?

Mr. BUSHNELL. We naturally discussed the bids, and we discussed—

Mr. McCoy (interposing). Now, Mr. Bushnell, you naturally did. Do you mean by that that you did discuss them?

Mr. BUSHNELL. I will put it that way, surely.

Mr. McCoy. That is what I prefer. You did discuss the bids as bids?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. What discussion did you have about the bids as bids?

Mr. BUSHNELL. I could not recall that now.

Mr. McCoy. What was the nature of it then? I will give you the opportunity to answer that way. What was the nature of your discussion?

Mr. BUSHNELL. As I said before, the discussion as to the bids themselves was a matter that would have to come up after we had some knowledge of the machines. We did not have at that time any knowledge of the machines, and that seemed to be the essential information that we must have to proceed intelligently.

Mr. McCoy. You could tabulate the bids, could you not?

Mr. BUSHNELL. Surely.

Mr. McCoy. Did you do it?

Mr. BUSHNELL. Yes.

Mr. McCoy. How soon did you do it?

Mr. BUSHNELL. I do not know how soon.

Mr. McCoy. Approximately how soon?

Mr. BUSHNELL. I do not know.

Mr. McCoy. Was it within a week after?

Mr. BUSHNELL. Probably.

Mr. McCoy. Probably within a week?

Mr. BUSHNELL. Yes.

Mr. McCoy. Then you got your tabulations before the committee?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Was there any discussion about those tabulations as to what they showed and what they did not show upon their face?

Mr. BUSHNELL. Presumably.

Mr. McCoy. Then you could discuss the bids as bids without reference to the machines?

Mr. BUSHNELL. We could, yes.

Mr. McCoy. If you had said that a few minutes ago we would have saved another page of testimony. Now, I want to know what the nature of the discussion in regard to the bids as bids was after they were tabulated?

Mr. BUSHNELL. It is pretty difficult to state that.

Mr. McCoy. Let me make a suggestion. You had a protest filed with the committee?

Mr. BUSHNELL. Yes.

Mr. McCoy. Did you talk about it?

Mr. BUSHNELL. Yes.

Mr. McCoy. You did? Within that week?

Mr. BUSHNELL. Presumably.

Mr. McCoy. Presumably means probably?

Mr. BUSHNELL. Probably.

Mr. McCoy. You mean you did?

Mr. BUSHNELL. Undoubtedly.

Mr. McCoy. And that was handed to you on the 31st of October?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Now, then, after reams of testimony we have you down to something which you presumably, in the course of nature, would have remembered, namely, a protest against a bid. What was said about that?

Mr. BUSHNELL. I do not recall just what was said about it.

Mr. McCoy. What was the nature of what was said about it? What was the presumable nature? We will start there and perhaps we can get down to the nature and next to what was said. What was the presumable nature? Or what, presumably, was the nature of the discussion about the protest?

Mr. BUSHNELL. As to what would be the best course under the circumstances.

Mr. McCoy. That is presumably the nature. Now, what was the nature of your discussion? The nature of it? Not what you said, but the nature of it. This is the second step.

Mr. BUSHNELL. That was undoubtedly the nature of it.

Mr. McCoy. That was undoubtedly the nature of it. Now, then, what was the discussion about it? You remember?

Mr. BUSHNELL. No; I do not.

Mr. McCoy. Then you ought not to be on the committee. Did anybody say that question ought to be submitted to the Attorney General at that time?

Mr. BUSHNELL. Not at that time.

Mr. McCoy. They did not?

Mr. BUSHNELL. No.

Mr. McCoy. What was the nature of the discussion as to what had better be done with it?

Mr. BUSHNELL. I think undoubtedly it was——

Mr. McCoy (interposing). Was it suggested that it be thrown in the wastebasket?

Mr. BUSHNELL. No.

Mr. McCoy. Was it suggested that it be called to Mr. Merritt's attention?

Mr. BUSHNELL. No.

Mr. McCoy. Was it suggested that it be called to the Postmaster General's attention?

Mr. BUSHNELL. No.

Mr. McCoy. Was it suggested that it be called to the attention of the law officer?

Mr. BUSHNELL. Later it was.

Mr. McCoy. How soon after was that suggested?

Mr. BUSHNELL. Probably some time in December; I do not remember the date.

Mr. McCoy. Why was it not decided upon at once that it should be referred to the law officer?

Mr. BUSHNELL. I could not say.

Mr. McCoy. You have no recollection of anybody suggesting the first time that was considered by the committee that it ought to go to the Attorney General?

Mr. BUSHNELL. I remember we reached the conclusion that that would have to be done in the end.

Mr. McCoy. You mean you reached the conclusion in the end it would have to be done? What conclusion did you reach in the beginning?

Mr. BUSHNELL. That we were not competent to decide the question ourselves.

Mr. McCoy. I have to get down to a very fine point here. You say you reached the conclusion in the end that that would have to be done? What conclusion did you reach in the beginning as to what would have to be done in the end? That is what I want to know.

Mr. BUSHNELL. We discussed, undoubtedly, the question of our authority in the matter, as to what we could do; what was right and proper to do under those circumstances.

Mr. McCoy. You say you undoubtedly discussed it. Is that presumably in the course of nature, naturally in the course of nature, or did you discuss what you ought to do about it at that time?

Mr. BUSHNELL. We did discuss it.

Mr. McCoy. As to what you ought to do with it?

Mr. BUSHNELL. As to what we could do with it.

Mr. McCoy. You could do any one of 5,000 different things that would enter your mind. As to what you should do with it, is what I want to know. Well, did anybody at that first discussion of that protest say that this matter ought to go to the Attorney General?

Mr. BUSHNELL. I do not think anyone made that statement.

Mr. McCoy. Did anyone at that conference say what his opinion was as to the validity of the bid on the point on which it was protested?

Mr. BUSHNELL. I do not think so.

Mr. McCoy. Did you ever call that protest to the attention of Dr. Grandfield?

Mr. BUSHNELL. I presume I advised him that such a protest had been filed.

Mr. McCoy. Well, now, that is again a presumption. Is there any way to ascertain what the fact was?

Mr. BUSHNELL. My memory. That is about all, unless Dr. Grandfield can state specifically whether I did or not.

Mr. McCoy. Dr. Grandfield is not on the stand. You are. It would have been your duty to call his attention to that?

Mr. BUSHNELL. Not necessarily; no.

Mr. McCoy. Not necessarily?

Mr. BUSHNELL. Certainly not.

Mr. McCoy. Was it?

Mr. BUSHNELL. The whole question was under the authority of the canceling machine committee at that time.

Mr. McCoy. To proceed in any way it saw fit?

Mr. BUSHNELL. Naturally. We were instructed to open bids and submit recommendations to the Postmaster General.

Mr. McCoy. That was assuming that everything was regular, was it not?

Mr. BUSHNELL. Why, no.

Mr. McCoy. Do you think that the Postmaster General when he appointed you had in mind that possibly somebody might protest against a bid, but nevertheless you should go right ahead under his authority?

Mr. BUSHNELL. No, not that way at all. I mean to state that the Postmaster General, as is the practice under the rules of the department, appointed the canceling machine committee for the express purpose of handling that matter, or rather of opening the bids and making suitable recommendations to him as the result of the opening of those bids. Until we made a recommendation to the Postmaster General, it was entirely in the hands of the committee. Now, later on, the committee felt that it had no authority to decide as to the validity of any of the bids, or what should be done with any protest, and, if I am not mistaken, I personally suggested to the purchasing agent that he ask the Assistant Attorney General for an opinion. We had no authority, as members of the committee, to ask such a ruling. The purchasing agent had, under the regulations.

Mr. McCoy. When was it you think you made this suggestion to the purchasing agent?

Mr. BUSHNELL. That I do not recall.

Mr. McCoy. Well, make a wild guess at it.

Mr. BUSHNELL. I do not remember even the date that he submitted it to the Assistant Attorney General.

Mr. McCoy. It was January 30, 1912.

Mr. BUSHNELL. Probably some time just before that. When, I can not say, however. I do not know how prompt he was.

Mr. McCoy. Do you think he was as prompt as you were in making up your mind that something ought to be done about it?

Mr. BUSHNELL. He may have been more so.

Mr. McCoy. Did any member of the committee at this first interview make a suggestion something like this: Here is a protest. If it is a valid protest, then this bid may be thrown out. Consequently, we can not consider this bid, and consequently there is no use of our taking any time looking at the machines of this company whose bid is thrown out. Possibly all the bids may be thrown out and a readvertising indulged in, and perhaps the situation will be different when that happens, and, therefore, there is no use of our taking any time on this particular set of bids, because by and by there will be a different set of bids. Therefore, it is our duty to call this protest to the attention of the Postmaster General, who appointed us, who, I presume, in addition to the purchasing agent, would have the right to get an opinion, or to the attention of the purchasing agent, so that our work may not go for nothing, and so that there may be, if necessary, a prompt readvertising and the matter started off on a fresh basis. That is a pretty long question, but was there anything discussed that is suggested by that question in any manner, shape, or form?

Mr. BUSHNELL. I do not think anyone made that suggestion in that way.

Mr. McCoy. I hope they did not, because my way was entirely too long. But I was going to make it broad enough so you could get underneath it in some way or another if any possible suggestion of that kind was made.

Mr. BUSHNELL. As I stated before, the matter was discussed at the meetings. I do not recall just how often we met.

Mr. McCoy. I was talking about the first meeting.

Mr. BUSHNELL. The first meeting may not have been held for a week after the bids were opened. I do not recall.

Mr. McCoy. I was taking your statement about it.

Mr. BRITT. May we not adjourn at this hour? It is 1 o'clock.

Mr. McCoy. In a few minutes.

Mr. BRITT. Very well.

Mr. McCoy. I have in my hand a letter, which Mr. Stoddard has given to me, under date of November 28, 1911, addressed to the American Postal Machines Co., Boston, Mass., from the International Postal Supply Co., of New York [reading]:

I beg to advise that we have just received a communication from Mr. Bushnell, chairman of the committee, which states that nothing has been done yet with respect to bids opened on October 31, and no action taken in regard to protest against the reception of the Cummins bid.

Have you the letter, if there was such a letter?

Mr. BUSHNELL. I remember the letter very well, simply a letter from Mr. Hodgskin asking me if any action had been taken, and I answered it in that way.

Mr. McCoy. Nothing had been done about the protest?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Had you called that letter of Mr. Hodgskin to the attention of the other members of the committee?

Mr. BUSHNELL. I presume I did.

Mr. McCoy. I wish you could get rid of those presumptions and state the fact. Do you remember seeing that, Mr. Andrus?

Mr. ANDRUS. I do not remember.

Mr. McCoy. Do you, Mr. Wood?

Mr. WOOD. I was not a member of that committee.

Mr. McCoy. I beg your pardon.

Mr. WOOD. I did not go on until the 19th of December.

Mr. BUSHNELL. Mr. McCoy, I use the words "I presume" simply because at every meeting of the canceling machine committee I had before me all the papers that related to the case in every way and the matter was fairly discussed by every member in his own way, and if any other member failed to see all the correspondence that occurred, or the bids or papers in my possession, it was not because they were not there, or probably not because they were not discussed.

Mr. McCoy. I suppose at each meeting each member did not look at every paper, but I assume that as you were chairman of the committee if a communication about an important matter was brought or had been sent to you, that you would have a distinct recollection of it. This is not child's play—a protest on a bid involving \$1,200,000.

Mr. BUSHNELL. I agree with you.

Mr. McCoy. It has been before you constantly.

Mr. BUSHNELL. I quite agree with you, and I have not the slightest idea that I did not discuss with every member of the committee every phase of it in every communication I had.

Mr. McCoy. I supposed that you did. I took it for granted that you did call that letter to their attention promptly, and if you said that you remembered it I would be able to ask you what was said, but now you say you presume you did, and my question, if I asked what was said, would be somewhat ridiculous when you say you can only presume you did. I would like to know from somebody why that matter was not taken up on the first day of November, if it was not Sunday, and sent to the Attorney General, where it ought to have gone. Any set of ordinary business men would have sent it quick. Now, then, I show you Exhibit 310, which is what I am pleased to call a secret bid of the B. F. Cummins Co. Did you ever show that to the other members of the committee?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. When?

Mr. BUSHNELL. After it came into my possession.

Mr. McCoy. Sure. I did not suppose you showed it before you got it. On what date?

Mr. BUSHNELL. I do not know.

Mr. McCoy. Relatively to what other date, do you remember?

Mr. BUSHNELL. The first meeting we held after it came into my possession. I have no doubt.

Mr. McCoy. Another presumption. Can not you remember whether you discussed that paper or not?

Mr. BUSHNELL. I do not remember the meeting of the committee.

Mr. McCoy. Can not you remember whether within one week after the 31st of October you discussed that letter?

Mr. BUSHNELL. I have not any doubt it was later than a week.

Mr. McCoy. Can not you remember the date when it came to you? According to your own notation, on the 3d of November.

Mr. BUSHNELL. I could not possibly tell whether we had a meeting within a week after that. I presume we did.

Mr. McCoy. Who handed you that exhibit?

Mr. BUSHNELL. Dr. Grandfield handed it to me.

Mr. McCoy. Did he make any comment when he handed it to you?

Mr. BUSHNELL. I do not remember that he did.

Mr. McCoy. Did he call to your attention that it was addressed to the Postmaster General and not to him?

Mr. BUSHNELL. I do not remember.

Mr. McCoy. Did he state whether or not he had any conference with the Postmaster General about it?

Mr. BUSHNELL. I do not recollect.

Mr. McCoy. Did you ask him whether he had shown it to the Postmaster General?

Mr. BUSHNELL. I did not.

Mr. McCoy. Did it arouse any curiosity in your mind that that was coming to you from Dr. Grandfield without any notation from the office of the Postmaster General, or by himself, or his secretary, or anybody else?

Mr. BUSHNELL. Not the slightest, because there are many communications that come that way that would not attract attention.

Mr. McCoy. Did you read this when it was first handed to you?

Mr. BUSHNELL. Surely.

Mr. McCoy. Immediately, in Dr. Grandfield's presence?

Mr. BUSHNELL. I am not sure of that.

Mr. McCoy. You do not know how it came to you?

Mr. BUSHNELL. I do not remember whether he handed it to me in my office or sent it out to my room.

Mr. McCoy. I understood he handed it to you, from what you said.

Mr. BUSHNELL. I do not know whether he handed it to me in his room or mine.

Mr. McCoy. Do you remember any discussion that was ever had in regard to exhibit 310 between you and Dr. Grandfield, if there was any such discussion?

Mr. BUSHNELL. I remember it very well.

Mr. McCoy. What was the discussion, first fixing the date of it as near as you can either absolutely or in relation to any other event in history.

Mr. BUSHNELL. I remember we discussed that matter shortly after that letter—shortly after I knew about it.

Mr. McCoy. Did you ever hear about that letter before the date it was handed to you on the 3d of November?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Did you know in advance that Mr. Cummins was going to put it in?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Very well. You think you discussed it soon after it was handed to you, you say?

Mr. BUSHNELL. Yes.

Mr. McCoy. With Dr. Grandfield?

Mr. BUSHNELL. Yes.

Mr. McCoy. What was the nature of your discussion?

Mr. BUSHNELL. I remember after I read the letter I told Dr. Grandfield I thought that the bid that Mr. Cummins had put in was not a workable bid.

Mr. McCoy. Which bid?

Mr. BUSHNELL. His bid of October 31.

Mr. McCoy. You do not refer to that paper here?

Mr. BUSHNELL. No, sir; we never considered that as part of it. I am speaking now of the bid which this letter explains. When I read that letter which related to the bid which Mr. Cummins had submitted, I expressed the opinion to Dr. Grandfield that I thought it was not workable, because his bid did not contain the unit prices.

Mr. McCoy. You thought his bid was not workable?

Mr. BUSHNELL. Yes, sir; his bid was not workable which this related to. I did not express an opinion as to the legality of the bid because I am not a lawyer: I am not competent to decide that question.

Mr. McCoy. What do you mean by saying his bid was not workable?

Mr. BUSHNELL. This related to Mr. Cummins' bid. It simply explained his method of arriving at the total sum for which his bid was submitted.

Mr. McCoy. This Exhibit 310? Is that what you mean?

Mr. BUSHNELL. I thought it did.

Mr. McCoy. Suppose you read it and see.

Mr. BUSHNELL (after reading). Surely this gives the unit prices.

Mr. McCoy. Does that simply give his method of arriving at the aggregate bid, which was the only thing which he put into his bid, which he submitted for the public benefit? Or does it not show for what prices he will furnish additional machines to those specified in the bid--the real bid, I mean?

Mr. BUSHNELL. No. He says here, "We will furnish 685 automatic medium-grade machines capable of postmarking and canceling not less than 250 letters a minute." They were simply the unit prices.

Mr. BRITT. The bid which you refer to as being unworkable was the only proposition you regarded as a bid?

Mr. BUSHNELL. Yes, sir, which the canceling machine committee considered as a bid. We treated this merely as a letter of general information.

Mr. McCoy. I find here in this: "We will state in this letter to you the prices at which we will furnish these different machines during the four-year period covered by this proposition, with the request that this information be not imparted to competitors until at least after the award has been made." What did he mean by that?

Mr. BUSHNELL. I presume he meant he did not want this information disclosed.

Mr. McCoy. I know he did not. Dr. Grandfield has testified it was secret, and all that, but what does he mean by "But realizing it is not possible for the department to tell in advance what additional machines will be required in each class"? What does he mean by additional machines?

Mr. BUSHNELL. I take it he means machines that might be needed in the several grades in excess of the numbers in the specifications.

Mr. McCoy. Consequently, he was offering to the department information, just as I said, was he not?

Mr. BUSHNELL. Both as to the number of machines specified and any additional machines.

Mr. McCoy. Certainly. Then why did you take issue with me when I said he was stating prices in regard to the value of the machines in addition to the minimum?

Mr. BUSHNELL. I did not mean to take issue with you on that, but I was merely stating that I took the letter to convey the idea that he would rent machines both as to the number specified and additional machines.

Mr. BRITT. Was it not understood that all the contractors could be called upon for machines in addition to the machines specified in the specifications?

Mr. BUSHNELL. Surely.

Mr. McCoy. And all the other bidders did exactly in their public bids—exactly what he did in this letter?

Mr. BUSHNELL. Yes.

Mr. McCoy. You said the committee did not consider this Exhibit 310 in the nature of a bid. Is that right?

Mr. BUSHNELL. That is right.

Mr. McCoy. I call your attention to Exhibit 315: "Proposals to let canceling machines four years beginning July 1, 1913." Another heading: "Proposals applied to the number of machines actually in the service November 1, 1911." Under the heading: "B. F. Cummins Company, Chicago, Ill.," and under the second heading which I have read, "Proposals applied to number of machines actually in the service," etc., I find opposite 435 automatic high-grade machines, the figures 197 each. I find the figures 197 each opposite 635, automatic medium-grade machines. I find in exhibit 315, \$94, whereas under 685—I do not know; I will try and account for the discrepancy in the figures later on, but he says 685, and your compilation is 635—he says \$94. The figures are the same again under 237, nonautomatic, and he says 516 hand power, whereas Exhibit 315 says 536 hand power.

Mr. BUSHNELL. Reading the heading there, Mr. McCoy, you will see that last computation merely refers to the machine.

Mr. McCoy. I understand. The difference in the number required, as stated in Exhibit 310, and the number made in Exhibit 315, is that in Exhibit 315 the number is those in the service, and in 310 it is those that are going to be required in the service.

Mr. BUSHNELL. Let me correct you. Not the number required in the service, but the number that is actually in the service at that time.

Mr. McCoy. You mean 315 shows what is in the service, and 310 shows what was required or specified in the advertisement?

Mr. BUSHNELL. That is right.

Mr. McCoy. However, the descriptions I am giving are the same and Exhibit 315 bears the figures showing the number specified and it is all on one sheet, so it shows it is the same thing. Under "Hand-power machines, capacity 150 a minute" and under "Non-automatic electric machines, capacity 100 a minute" in Exhibit 315, I find the Cummins Co. bid \$71, whereas in the paper which I have been pleased to call the secret bid I find in one paragraph "237 non-automatic, and 516 hand-power canceling machines," the specifications being the same in both papers, but the numbers different—\$71. Now, will you look at Exhibit 315 and tell me where you got the figures 197, 94, and 71 where they appear in both places in that exhibit.

Mr. BUSHNELL. I got them from that letter.

Mr. McCoy. From this letter, Exhibit 310?

Mr. BUSHNELL. Surely.

Mr. McCoy. There is nowhere else, I suppose, where you could get them, and when you stated a few moments ago that that was a letter containing a computation of the bids, Exhibit 315, you told the truth, did you not?

Mr. BUSHNELL. Well, no.

Mr. McCoy. What did you tell?

Mr. BUSHNELL. I will have to qualify that.

Mr. McCoy. How will you qualify it?

Mr. BUSHNELL. I told you at the start that that paper was simply prepared just for my information from whatever source we might get it. The bids of the Cummins Co., as you know, did not contain the unit prices. Therefore, I could not get that from the bid itself.

Mr. McCoy. I say, the bids did not contain unit prices, and I say that was a bid that was considered as a bid and meant to be a bid; and you considered it as a bid?

Mr. BUSHNELL. I did not.

Mr. McCoy. There is Exhibit 315, "Proposals applied to number of machines actually in the service."

Mr. BUSHNELL. No; we did not.

Mr. McCoy. Proposals to rent canceling machines—do you mean that as being a proposal and bid?

Mr. BUSHNELL. I merely—

Mr. McCoy (interposing). Answer my question. What do you mean by the word "proposal" as you have it in Exhibit 315?

Mr. BUSHNELL. Surely it is a proposal.

Mr. McCoy. It is a bid, also. They are identical. However, I will not discuss the matter further.

At 1.15 p. m. the committee adjourned until 2.30 p. m., same day.

AFTER RECESS.

The committee reassembled at 2.30 o'clock p. m., pursuant to recess taken.

Mr. McCoy. Mr. Bushnell, did you ever show Exhibit 315 to Dr. Grandfield?

Mr. BUSHNELL. Not to my recollection; no, sir.

Mr. McCoy. Did you ever show a computation of that kind to Dr. Grandfield?

Mr. BUSHNELL. I do not recall.

Mr. McCoy. Did you ever tell him that you had made such a computation?

Mr. BUSHNELL. No; I do not recall that I ever did.

Mr. McCoy. Did you ever discuss with him the question as to which bid of those submitted on October 31 was the lowest bid?

Mr. BUSHNELL. I do not recall any specific conversation on that subject.

Mr. McCoy. You have heard him testify that he made a computation, have you not?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. You have heard him testify that he figured that the Cummins bid was the lowest bid, when he took into consideration the needs of the service and compared, machine for machine, those

which were bid on by the American Co. and those bid on by the B. F. Cummins Co.?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Did you ever make such a computation as he testified he made?

Mr. BUSHNELL. Not in that way.

Mr. McCoy. Did you ever make any different kind of a computation from that contained in Exhibit 315?

Mr. BUSHNELL. No, only as is set forth in the report of the committee, the report of August 31.

Mr. McCoy. When did you make that computation?

Mr. BUSHNELL. That was at the time we were making up this report which is dated August 31.

Mr. McCoy. When was that?

Mr. BUSHNELL. That was along in June, as I recollect it.

Mr. McCoy. Of 1911?

Mr. BUSHNELL. Yes. Under the Postmaster General's order enlarging the committee we were instructed to make a report on June 15.

Mr. McCoy. Did you make such a report?

Mr. BUSHNELL. No, sir; at that time the matter of limiting the price was before Congress, and the Postmaster General—it was suggested to the Postmaster General that the committee could not make a report, in view of that pending legislation, and he approved our waiting until the bill then before Congress had finally passed.

Mr. McCoy. Between December 15, 1911, and January 30, 1912, what did the canceling machine committee do in this matter? In the first place, the committee was enlarged by adding two members?

Mr. BUSHNELL. Yes. That was on December 19.

Mr. McCoy. Between December 19 and January 30 what did the committee, as then constituted, do in connection with these matters?

Mr. BUSHNELL. We were looking into the general subject, and also making test of machines.

Mr. McCoy. What specifically did you do in the way of looking into the general subject, and also making tests of machines?

Mr. BUSHNELL. We sent for the different kinds—we wrote to the different companies—I did, as chairman of the committee—to send to the Washington office one each of the several models of machines which they had submitted bids on.

Mr. McCoy. But your answer was that you were looking into the matter generally, investigating the machines.

Mr. BUSHNELL. Surely.

Mr. McCoy. Now then, what acts constituted your looking into the general subject, aside from looking at the machines?

Mr. BUSHNELL. That was part of the investigation.

Mr. McCoy. But your answer was that you did two things; that you were looking into the general subject and you were looking at the machines. Now, then, aside from looking at the machines, what were you doing specifically in the way of looking into the subject generally?

Mr. BUSHNELL. I should say that that was the principal thing we were doing as a part of the general scheme of getting information in regard to the different machine on the market.

Mr. McCoy. What, in addition to having the machines sent, or requesting that they be sent to Washington, were you doing?

Mr. BUSHNELL. Nothing, until we could try out the machines and get some general information.

Mr. McCoy. Then aside from sending for the machines and trying to get some general information you were not doing anything. Is that right?

Mr. BUSHNELL. We were discussing the general proposition, as I have said before, from time to time.

Mr. McCoy. What steps did you take in the way of getting general information, aside from getting machines where you could see them?

Mr. BUSHNELL. As I testified this morning, we sent a circular out to the postmasters, which was not answered generally for some weeks, and got such information as we could get from the postmasters through these letters.

Mr. McCoy. What information, aside from the information contained in the replies to those circulars which were sent out—I believe the request was made November 7—what were you doing besides getting the information as requested in the letter of November 7?

Mr. BUSHNELL. As you developed in the correspondence from the postmasters, that information did not get back to the committee until the latter part of November, and some of it in December. We were collecting that information, tabulating it, and getting together such data as we could bearing upon the subject.

Mr. McCoy. Very well. You had those replies before you, and you collated those. Now, then, you were getting such information or data as you could, aside from that data. What was it you were getting besides that and besides having the machines come to you?

Mr. BUSHNELL. We were getting such information as we could, relating to canceling machines, in that way.

Mr. McCoy. In what way?

Mr. BUSHNELL. By getting information from the postmasters, and also satisfying ourselves as to the general merits of machines as fast as we could see them and test them.

Mr. McCoy. Will you please exclude from your mind for the time being the idea that you were getting information from the inspection of machines? You have said that two or three times, and I know it. You have also stated that you were collating the information contained in the replies to the requests sent out about November 7. Exclude those two things from your mind, and tell us what else you were doing, specifically.

Mr. BUSHNELL. Is there anything else we could do?

Mr. McCoy. I do not know what you could do. I want to know what you did do. I know a great many things you could have done that you did not do. You do not need to tell me about those; tell me about the things you did do.

Mr. BUSHNELL. In concrete form, I do not know that there was anything else that we did, insasmuch as I have stated that we were discussing the matter from time to time.

Mr. McCoy. What were you talking about?

Mr. BUSHNELL. Canceling machines.

Mr. McCoy. What particular feature or aspect of the canceling machine proposition?

Mr. BUSHNELL. The general proposition of what could be done in the way of getting machines into the service.

Mr. McCoy. Tell me some of your discussions.

Mr. BUSHNELL. As I stated before, we were discussing means of getting machines.

Mr. McCoy. What I want to know is what particular thing you were discussing aside from machines and the reports which you have testified that up to that time you had received.

Mr. BUSHNELL. I do not know how I can make myself any clearer. As I have stated, we would meet occasionally—I could not state off hand how often—and discussed the whole question, and we wrote to the several companies to send their machines in. We could not really do anything until we knew something about the merits of the different machines.

Mr. McCoy. When did you write to the manufacturers to send their machines?

Mr. BUSHNELL. Some time in January, I think.

Mr. McCoy. Well, when was it?

Mr. BRITT. Aren't those in the form of exhibits?

Mr. McCoy. I do not think so, Mr. Britt.

Mr. BUSHNELL. I haven't a copy of the letter.

Mr. BRITT. Did you write to each of the manufacturers?

Mr. BUSHNELL. I wrote to each of the manufacturers to send their machines to Washington.

Mr. BRITT. You recall that definitely?

Mr. BUSHNELL. Yes.

Mr. McCoy. That, I believe, Mr. Britt, is one that we have definitely, and I am trying to get that out of his mind somehow or other if I can. I am coming to that later. I would just like to know what particular part of the canceling-machine situation was discussed by the committee between those dates, aside from the question of sending for the machines and aside from whatever was contained in the reports which you got from postmasters. Did you discuss the question of the validity of the Cummins bid?

Mr. BUSHNELL. Presumably; but that would not be a question that the committee could decide, as to the validity, and that is the reason we submitted it later to the Assistant Attorney General.

Mr. McCoy. I know all that, and that doesn't answer the question. Did you discuss it ever?

Mr. BUSHNELL. I have no doubt that we did, because that bid was in such form that it would only admit an exclusive contract, as I have before stated, and I did not—the committee——

Mr. McCoy (interposing). Did you discuss the question of awarding an exclusive contract?

Mr. BUSHNELL. It was probably discussed.

Mr. McCoy. "Probably discussed," is that what you said?

Mr. BUSHNELL. It probably was.

Mr. McCoy. Who were the two gentlemen who were added to the committee by the Postmaster General?

Mr. BUSHNELL. Mr. Wood and Mr. Waters, originally of Denver.

Mr. McCoy. He was not added because he did not serve. Merritt was the other one, wasn't he?

Mr. BUSHNELL. No; Mr. Merritt was on the original committee.

Mr. McCoy. Who was the other?

Mr. BUSHNELL. They were Mr. Wood and Mr. Robertson.

Mr. McCoy. Did you call the attention of Mr. Wood and Mr. Robertson to the bid and the so-called "secret" bid as soon as they became members of the committee?

Mr. BUSHNELL. Surely.

Mr. McCoy. When, approximately?

Mr. BUSHNELL. Mr. Wood and Mr. Robertson were not added to the committee until December 19, and of course it was subsequent to that date, whatever meeting we had.

Mr. BRITT. You knew you had knowledge that Mr. Wood afterwards had knowledge of it?

Mr. BUSHNELL. Oh, they afterwards had knowledge of it, surely.

Mr. McCoy. That is something nobody would question, that they had knowledge of it. You would infer from the fact that the bid was rejected that they necessarily had knowledge of it, but I want to know when you called it to their attention relative to the time when they were added to the committee.

Mr. BUSHNELL. It was undoubtedly at the first meeting we held.

Mr. McCoy. When was the first meeting you held?

Mr. BUSHNELL. I could not state that.

Mr. McCoy. Did either of them ever express an opinion to you about the validity of it?

Mr. BUSHNELL. Not as to the validity. I do not think that part of it ever came up. You mean the Commins lump bid, Mr. McCoy?

Mr. McCoy. I mean both the lump bid and this so-called "secret" bid.

Mr. BUSHNELL. I do not recall whether the validity of it was discussed. It may have been later.

Mr. McCoy. Did you at any time between December 19, 1911, and January 30, 1911, have any conference with Dr. Grandfield about any aspect of this matter?

Mr. BUSHNELL. I do not recall. As I have stated before, Dr. Grandfield and myself conferred frequently on the matter of canceling machines generally, but whether I had any conference on that matter specifically I could not recall.

Mr. McCoy. On which matter now?

Mr. BUSHNELL. In regard to that bid?

Mr. McCoy. I am asking you and did ask you whether between December 19, 1911, and January 30, 1912, you had any discussion or talk with Dr. Grandfield about any aspect of this particular matter; that is, the canceling-machine matter?

Mr. BUSHNELL. I stated that I frequently conferred with Dr. Grandfield, inasmuch as he was my superior officer, and we were in perfect harmony in regard to this matter.

Mr. McCoy. In regard to "this matter," what matter?

Mr. BUSHNELL. In regard to the general matter of canceling machines in the service; not in regard to this matter which was under the committee entirely.

Mr. McCoy. But you have no recollection, as I understand you, of having mentioned the matter which was referred to you by the Postmaster General in his original authorization and in his enlarged authorization—you have no recollection of any talks with Dr. Grandfield about the matter from the 31st of October, 1911, to the 30th of January, 1912? Is that right?

Mr. BUSHNELL. If I stated that I did not understand your question.

Mr. BRITT. December 19 you gave as the date in your first question.

Mr. MCCOY. He has previously said that he had been in conference between October 31, 1911, and December 19, 1911. I may be mistaken, so I will ask you again. Did you at any time between the 31st of October, 1911, and the 30th of January, 1912, have any talks with Dr. Grandfield in regard to the matter which had been referred to you by the Postmaster General, namely, this canceling machine matter?

Mr. BUSHNELL. It is quite likely that I did.

Mr. MCCOY. Oh, I think it is ten to one that you had a great many, but that is my own guess about it and I want to know beyond "quite likely" do you know whether you had?

Mr. BUSHNELL. It is not at all likely that I had very many conferences, but it is likely that I had occasionally.

Mr. BRITT. You are giving that as a probable course of action, without giving specifically the times when you had the conversations?

Mr. BUSHNELL. Yes.

Mr. BRITT. You mean to say that in the ordinary transaction of business there you would most probably have discussed it, but you do not specifically remember when you discussed it?

Mr. BUSHNELL. That is the point exactly.

Mr. MCCOY. I am much obliged to you, Mr. Britt. You have gotten more out of the witness than I have been able to. He said before that he had talked about canceling machines generally, but about this particular matter that had been referred by the Postmaster General he has given no such definite answer as the one he has given you.

Mr. BRITT. He says now that he probably discussed it in the regular course, but he does not remember the discussion specifically.

Mr. MCCOY. What, if anything, did you do, or did the committee do, between January 30 and March 20, 1912?

Mr. BUSHNELL. We had the machines of the different companies here in Washington and made certain preliminary tests of them.

Mr. MCCOY. When did these machines come to Washington?

Mr. BUSHNELL. In the latter part of January.

Mr. MCCOY. 1912?

Mr. BUSHNELL. Yes, sir; 1912.

Mr. MCCOY. I call your attention to the testimony on page 179 of this record, about the fourth question down [reading]:

Dr. GRANDFIELD. No. That is the only point I am trying to bring out, that I took into consideration the rearranging of machines.

Mr. STODDARD. Carry it further. If there was an exclusive contract, a rearrangement would almost follow—would almost follow as a matter of course. As a matter of fact, under the contract that is in existence today that rearrangement has not been generally made. They have substantially the machines of the different makes that have been under contract from year to year. They have remained in the service, and there is no general change in conditions.

Dr. GRANDFIELD. That is exactly correct, and that is the point that Mr. Bushnell and I have discussed for hours at a time, and it was our purpose if we got a proposition of this kind to rearrange the entire service.

Now I ask you if you know, from definite recollection, as to what you and Dr. Grandfield talked about?

Mr. BUSHNELL. We have discussed that, as Dr. Grandfield stated, on numerous occasions, and you will find in the committee's report

of August 31 a paragraph devoted to that subject, the rearranging of the service.

Mr. McCoy. I have seen the report and I have read it. Now then, did you have these discussions which Dr. Grandfield has testified to before or after the 31st of October, 1911?

Mr. BUSHNELL. I do not recall that.

Mr. McCoy. Dr. Grandfield says that you discussed it for hours at a time; I should infer from that that it was considered a pretty important matter by him.

Mr. BUSHNELL. Quite important.

Mr. McCoy. But you have no recollection whether you discussed it before or after the 31st of October?

Mr. BUSHNELL. I do not know just when it was.

Mr. McCoy. Do you think that he meant a certain number of hours on a certain day, or that you discussed it at different times so that all of your discussions would run into several hours' time?

Mr. BUSHNELL. We discussed it at different times.

Mr. McCoy. But you haven't any recollection whether you discussed it before the 31st of October?

Mr. BUSHNELL. Not specifically; no, sir.

Mr. McCoy. You haven't any recollection whether you discussed it after the 31st of October?

Mr. BUSHNELL. Not precisely. It is quite likely that we did, but I could not state positively.

Mr. McCoy. Dr. Grandfield says, "It was our purpose, if we got a proposition of this kind, to rearrange the entire service."

Mr. BUSHNELL. Yes; that was one——

Mr. McCoy (interposing). Wait a minute—if you could get a proposition of this kind. Now, did you discuss it after you got it, or didn't you?

Mr. BUSHNELL. That was one of the things that it was believed could be accomplished by making a four-year contract.

Mr. McCoy. Don't answer me that way. That is in here over and over again. It is in the correspondence over and over again. It was suggested by Mr. Cummins, and all that kind of thing, but Dr. Grandfield says you discussed it for hours, and it was your purpose if you got such a proposition to rearrange the entire service. Now you got it, and do you tell me that you have no recollection of whether or not, after getting the thing you were looking for—that you have no recollection whether you discussed it or not?

Mr. BUSHNELL. You are asking me for specific dates.

Mr. McCoy. I did not ask you for a specific date. I asked you whether after the 31st of October you discussed it. You may bring it right down to the 4th day of January, 1913, if you want to: I will give you a range of some 14 months to cover.

Mr. BUSHNELL. I would not say that we did not discuss it after the 31st of October.

Mr. McCoy. I did not ask you that. I asked you whether you did discuss it after the 31st of October.

Mr. BUSHNELL. I can not recall just when the matter was discussed, what the specific discussion was, or the dates.

Mr. McCoy. Who arranged the specifications in the bids that were called for on March 20, 1912?

Mr. BUSHNELL. The specifications were prepared by the purchasing agent. I made some suggestions myself in reference to them.

Mr. McCoy. What suggestions did you make?

Mr. BUSHNELL. As to the number of machines, so as to make it conform to the number of machines then in the service.

Mr. BRITT. It was a variation of the advertisement of July 24, 1911, wasn't it?

Mr. BUSHNELL. Yes.

Mr. BRITT. More or less machines?

Mr. BUSHNELL. More in some instances—I would have to make a comparison. I suggested, for instance, that the number of drop-feed machines be reduced to 125, which I believed we could use to good advantage.

Mr. McCoy. Did you have any talk with Dr. Grandfield before you did that?

Mr. BUSHNELL. I do not recollect any in regard to that.

Mr. McCoy. How do you come to recollect that you made any suggestion to Mr. Holmes?

Mr. BUSHNELL. I suggested it to him in the preparation of the specifications. Those are prepared by his office, and he wrote us to get the data from the bureau that had jurisdiction over the matter, which was the First Assistant's office in this case.

Mr. McCoy. It was stated in the advertisement of bids of March 20 that unless bidders put in a lump-sum bid and an itemized bid, the bids would not be considered. Isn't that so?

Mr. BUSHNELL. I do not recall the wording of those specifications.

Mr. McCoy. I am not quoting the wording; I am simply giving the substance.

Mr. BRITT. Was that in the specifications of February 20, 1912?

Mr. McCoy. I am referring to it by reference to the date when the bids were opened.

Mr. BRITT. I happened to remember that it was February 20.

Mr. BUSHNELL. The advertisement was February 20. I think I recollect making some such suggestion as that. I do not recall the wording of the specifications now covering that point.

Mr. McCoy. Who suggested taking 30 days?

Mr. BUSHNELL. I do not know; I do not recall that.

Mr. McCoy. Do you recall the fact that it was stated in regard to the advertising for the October bids that it was supposed to make the award by the 1st of January, 1912?

Mr. BUSHNELL. I had nothing to do with the preparation of those.

Mr. McCoy. Do you recall that it was so stated? I do not ask you to look and refresh your recollection, but I ask you whether you recall whether it was so stated?

Mr. BUSHNELL. Oh; surely I recall that it was so stated.

Mr. McCoy. You knew then that it was considered by the department that there was supposed to be some need for hurry, didn't you?

Mr. BUSHNELL. Yes; in order to build that number of machines.

Mr. McCoy. Did you suggest to Mr. Holmes that he make the period of advertising less than 30 days?

Mr. BUSHNELL. I have no recollection of making any such suggestion.

Mr. McCoy. Who suggested the length of advertising for the bids that were to be opened on December 20, 1912.

Mr. BRITT. October 31, you mean.

Mr. McCoy. No; December 20, 1912.

Mr. BUSHNELL. I think that was suggested in conference with the Postmaster General; that is my recollection.

Mr. McCoy. Who had the conference?

Mr. BUSHNELL. The members of the canceling committee.

Mr. McCoy. And the Postmaster General?

Mr. BUSHNELL. And the Postmaster General; yes.

Mr. McCoy. What was said about the length of the advertisement at that time?

Mr. BUSHNELL. My recollection is that he suggested that we make a very short advertisement.

Mr. McCoy. Who suggested?

Mr. BUSHNELL. The Postmaster General.

Mr. McCoy. Why? Did he give any reasons?

Mr. BUSHNELL. He did not give me any reasons.

Mr. McCoy. What do you mean by that? That he did not give it to you specifically or did not give it to any of the committee?

Mr. BUSHNELL. He did not state any, that I recall. That advertisement, as has been stated, apparently did not require very much time because it only related to the high-grade machines that bidders were undoubtedly prepared to make a bid on at short notice.

Mr. McCoy. You think that the bidders who bid on October 31, 1911, were not prepared to make a bid on short notice or on February 20, 1912?

Mr. BUSHNELL. Probably they could have done so. Your question, as I understand it, was whether the bidders could probably have bid on short notice?

Mr. McCoy. Yes; that was the substance of it. I forget whether I asked you what the committee did between January 30, 1912, and March 20, 1912.

Mr. BUSHNELL. We examined the machines that were in the Washington office at that time.

Mr. McCoy. What machines were there?

Mr. BUSHNELL. The machines from the Cummins Co., the American company—

Mr. McCoy (interposing). What machines of the Cummins Co.; what models, types, descriptions or kinds?

Mr. BUSHNELL. No. 5 and No. 7. I think they had a No. 2 here at that time also, and a No. 9.

Mr. McCoy. Now let us see if we can not get along without "thinking" on this proposition. Let's see if we can not get a positive statement.

Mr. BUSHNELL. I think I can give that to you [examining papers]. On January 24 we had the No. 5 machine of the Cummins Co., on January 25 we had the No. 7, on January 26 we had the No. 9, and on February 5 we had the Universal Co.'s Model C. Going back a little—before that is put in: On January 26 we had the Model L of the International Postal Supply Co.; on January 29, the Model B of the Universal Stamping Co.; and on February 5, the Model C of the same company. We also had a machine of the Columbia Co. here about that time. I do not find that here. I do not find anything among my papers that refers to it. Then on February 28 we had the No. 1 machine of the American Postal Machines Co.; on February

9, the No. 2 of the same company; and on February 14, the drop-feed model of the American Postal Machines Co. On February 10 we had the machine known as the Stoddard, of the American Postal Machines Co. The Columbia machine which I referred to was here on January 29.

Mr. McCoy. Have you now named all the machines that were here?

Mr. BUSHNELL. I think so.

Mr. BRITT. How many were there, if you know, Mr. Bushnell?

Mr. BUSHNELL. I will count them. I left out one, I see—the “Flier” of the International Postal Supply Co. I think there are about 14 different machines.

Mr. BRITT. Were they all tested in the Washington post office?

Mr. BUSHNELL. They were given a preliminary test.

Mr. BRITT. Which means that they were actually set up and operated there?

Mr. BUSHNELL. Yes.

Mr. McCoy. Now, answer my question without adding “I think,” if you can do so. Have you now enumerated all the machines which the committee had sent to the Washington City post office?

Mr. BRITT. Now if you know definitely, answer definitely.

Mr. McCoy. Mr. Britt, he must know, and if he doesn't know he ought to get off of this committee now; he has got to know and he has got to answer that question before I get through here. He is the chairman of this committee, and he knows.

Mr. BRITT. If he knows he should answer.

Mr. McCoy. He knows, and I won't take an answer that he does not know. If he does not know he should know, and he ought not to be here as a witness if he does not know.

Mr. BRITT. Every witness should give his answers according to the facts in his possession, and I do not want any witness to give any more or any less.

Mr. McCoy. I agree with you thoroughly on that, but there are certain facts which he knows, and he knows he knows them; and if he does not know, he knows where he can get the information. Now, he has been reading—not stating from his recollection—he has been reading from papers in his lap, and if he has brought the papers here which he should have brought he can give me a complete answer to that question, and that is what I am going to have, and there are not going to be any “thinks” about it.

Mr. BUSHNELL. Thirteen machines.

Mr. McCoy. Have you now stated the kinds of machines which were brought here and all the kinds which were brought here for the committee to test at the Washington post office? I want to say to you, Mr. Bushnell, that I am not trying to trap you into an inaccurate answer, but I do not want to go ahead with my questioning until I know, because it is essential that I know.

Mr. BUSHNELL. I understand that. There was a No. 2 machine that—

Mr. McCoy (interposing). What make?

Mr. BUSHNELL. The Cummins Co., that they had here, which I do not find any reference to. That would make 14.

Mr. McCoy. Now, have you stated every kind of machine?

Mr. BUSHNELL. To the best of my knowledge.

Mr. McCoy. Don't you know?

Mr. BUSHNELL. I know practically every machine in the service, and I can not recall any machine that is not mentioned here.

Mr. McCoy. What is that you are reading from?

Mr. BUSHNELL. Just the preliminary figures of the tests made of the machines here.

Mr. McCoy. Did you make preliminary figures on every machine you made tests on?

Mr. BUSHNELL. Yes.

Mr. McCoy. Are there any figures anywhere else except those you have in your hands?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Very well; the answer, then, is that you have now stated everything, isn't it?

Mr. BUSHNELL. Yes.

Mr. McCoy. Now, then, please describe this No. 2 Cummins machine. In the first place, what kind of a machine is it?

Mr. BUSHNELL. It was a small machine intended to operate either by hand or electric power. It is a machine which the Cummins Co. designed to sell to postmasters.

Mr. McCoy. Was it one of the machines on which they bid later, or in October?

Mr. BUSHNELL. No, sir.

Mr. McCoy. They did not bid on it at either time?

Mr. BUSHNELL. No sir.

Mr. McCoy. It was not tested in Washington?

Mr. BUSHNELL. It was here and was given a preliminary test, as all machines are, but not as a part of the bid. It was simply there in the Washington office along with the other machines.

Mr. McCoy. Had it come there in compliance with your request? Had it been sent there?

Mr. BUSHNELL. My request was to send all machines.

Mr. McCoy. Will you let me see a copy of your request?

Mr. BUSHNELL. I haven't a copy of it.

Mr. McCoy. Was the request made by that committee that these people send the machines on which they proposed to bid, or all the machines which they made?

Mr. BUSHNELL. My letter, as I recollect, reads: "Send to the Washington office models of such machines as you submitted bids on." That, of course, would not include this. That was not included in the bid.

Mr. McCoy. Was it tested in the Washington office at this time, or about this time?

Mr. BUSHNELL. My recollection now is that that machine was sent here, but that it was not sent here at the time the Cummins Co. was requested to send machines in response to their bid. I think now that that machine was sent here at another time.

Mr. McCoy. That came in compliance, or as a result of the suggestion made in Exhibit BB, on page 87, didn't it?

Mr. BUSHNELL. Yes.

Mr. McCoy. So, it was not one of the machines sent for the purpose of this test?

Mr. BUSHNELL. That is right. I think it was about that time, but it was not just then.

Mr. McCoy. Now, all the machines which were bid upon were sent for test, were they, or which the companies stated they proposed to bid upon?

Mr. BUSHNELL. I think that is right.

Mr. BRITT. That is, in the March 20, 1912, bid?

Mr. BUSHNELL. Are you referring to the March 20?

Mr. McCoy. I say those which were bid upon, meaning October, or those which they proposed to bid upon, meaning March, and you say you think they were all tested?

Mr. BUSHNELL. No; because the March bids brought in some entirely new machines. The machines that we had here in January were machines that we only had knowledge of in connection with the bids of October 31. The advertisement of February 20 brought out a number of new machines that we never heard of before. Mr. Stoddard had a new machine—an electric—that we did not have here in Washington at that time.

Mr. McCoy. Well, what others?

Mr. BUSHNELL. Mr. Ielfield, of Silver Creek, bid on a machine that we did not have here in Washington until some time in the summer. Mr. Ellis, of Haverhill, also had a machine that we have since tried here in the Washington office.

Mr. McCoy. Did Mr. Ielfield send a machine which you tested at that time?

Mr. BUSHNELL. Not at that time. He did not have his machine here until some time in the middle of the summer.

Mr. McCoy. You tested his machine, did you?

Mr. BUSHNELL. Yes; and Mr. Ellis's machine also. I am talking now about the machines sent to Washington in response to the bids of February 20, after the canceling machine committee had been to Chicago, New York, and Boston, and tested in the home offices of those companies.

Mr. McCoy. Is there any need to go into that feature now? Were all the machines which were sent to Washington in compliance with the request before the 20th of March tested in the Washington office?

Mr. BUSHNELL. Yes.

Mr. BRITT. That is, you mean they were tested at some time in the Washington office, but not before the 20th of March, necessarily. Do I rightly understand you?

Mr. McCoy. No, my question did not involve that. I was coming to that, but I just wanted to know whether they were tested.

Mr. BUSHNELL. I will say this, that the International Postal Supply Co. did not send a "Flier" machine here in response to the office request, but simply used a machine which was here in the Washington office.

Mr. BRITT. Were both of the machines of the Universal sent for test?

Mr. BUSHNELL. Yes.

Mr. BRITT. I mean two of their machines.

Mr. BUSHNELL. Yes.

Mr. McCoy. Well now, answer my question: Were all the machines sent for the purpose of test, or which were there and which the manufacturers said might be used for test, were they all tested by the committee?

Mr. BUSHNELL. I do not think we overlooked any.

Mr. MCCOY. Did you make a memorandum in regard to the tests?

Mr. BUSHNELL. That is what these papers that I have been reading from are.

Mr. MCCOY. Did you make a memorandum of all the tests?

Mr. BUSHNELL. Yes.

Mr. MCCOY. The answer is that you made a test of all the machines and made a memorandum of tests of all the machines that were tested?

Mr. BUSHNELL. All the machines that were sent here for that purpose.

Mr. MCCOY. And which were here and which the manufacturers said might be used for that purpose?

Mr. BUSHNELL. Yes.

Mr. MCCOY. Now then, have you all the memoranda in your hands which were made?

Mr. BUSHNELL. I think so.

Mr. MCCOY. You say "I think so." Now look through your memoranda and answer the question positively.

Mr. BUSHNELL. These are all the tests that were made, I am quite sure.

Mr. MCCOY. Are these memoranda of all the tests that were made?

Mr. BUSHNELL. I am quite sure they are.

Mr. MCCOY. Then did you test all the machines that were sent here for the purpose of test, or that were permitted or allowed to be used for the purpose of test?

Mr. BUSHNELL. I think so.

Mr. MCCOY. Don't give me any more "thinks." I want to know. Isn't it an arithmetical calculation that if you made a memorandum of the tests of all the machines, and if you had memoranda of tests of all the machines that were tested, that you tested all the machines?

Mr. BUSHNELL. That is the natural conclusion.

Mr. MCCOY. Then what is your answer to my question? Did you test them all?

Mr. BUSHNELL. All machines which were sent here for that purpose or which the companies indicated, as was the case with the International Co., that they desired to have tested.

Mr. MCCOY. Were tested?

Mr. BUSHNELL. Yes.

Mr. MCCOY. In Washington?

Mr. BUSHNELL. Yes.

Mr. MCCOY. By the committee?

Mr. BUSHNELL. Yes.

Mr. MCCOY. What machines, again, did the B. F. Cummins Co., of Chicago, Ill., send for test?

Mr. BUSHNELL. Their No. 5, 7, and 9, as I recall it.

Mr. MCCOY. Did they send the No. 11 for a test?

Mr. BUSHNELL. I do not think they did. I do not recall.

Mr. MCCOY. Answer me positively. Look in your memoranda and answer the question.

Mr. BUSHNELL. I have no memoranda of any test in the Washington office of the No. 11. That is why I answered it in that way.

Mr. MCCOY. In what way did you answer it?

Mr. BUSHNELL. That I do not think they did.

Mr. McCoy. Now, I want to know. If you do not know I will ask some other member of the committee. They will tell me that it was not, I presume. Why can't you tell me that? Do you want to answer the question positively, or are you going to say "I presume" or "I think"?

Mr. BUSHNELL. I do not recall that we have had the No. 11 machine here.

Mr. McCoy. Mr. Wood, was the No. 11 Cummins machine tested by the committee in the Washington post office?

Mr. WOOD. It seems to me it was, Mr. McCoy.

Mr. McCoy. I want to say that the report of your committee does not contain any reference to the test of the Cummins No. 11.

Mr. WOOD. In Washington?

Mr. McCoy. In Washington; yes.

Mr. WOOD. It seems to me it was Chicago.

Mr. McCoy. Chicago is 1,500 miles away; I am still in Washington.

Mr. WOOD. I might be mistaken.

Mr. McCoy. Mr. Andrus, was the Cummins No. 11 tested by your committee here in Washington?

Mr. ANDRUS. No, sir. I would like to qualify that by saying, not to my recollection. I don't think it was.

Mr. McCoy. You didn't see it tested, did you?

Mr. ANDRUS. No, sir; I don't think I did.

Mr. McCoy. Mr. Merritt, I will have to bring you into the service. Have you been sworn.

Mr. N. A. MERRITT. No, sir.

(Mr. Merritt was sworn by Mr. McCoy.)

Mr. McCoy. Did the canceling machine committee, of which you are a member, prior to the 20th day of March, 1912, test a Cummins No. 11 machine in the Washington City post office.

Mr. MERRITT. I can not remember.

Mr. McCoy. Did you see any test?

Mr. MERRITT. Of the No. 11?

Mr. McCoy. Yes.

Mr. MERRITT. No, sir; not that I remember of.

Mr. McCoy. Do you think you would remember it if you saw it?

Mr. MERRITT. No, I do not think I would.

Mr. McCoy. Mr. Bushnell, did the canceling machine committee in its report, Exhibit 313, state the results of the tests of all the machines that were tested in the Washington post office?

Mr. BUSHNELL. I do not think in our report we go into the matter specifically of any of the tests, other than to mention that certain tests were made for the purpose of arriving at the comparison.

Mr. McCoy. Your answer, I think, a few minutes ago was that the Cummins No. 5, 7, and 11 were tested?

Mr. BUSHNELL. Yes.

Mr. McCoy. Now, what machine of the Time Marking Machine Co. was tested in the Washington post office?

Mr. BUSHNELL. There was not any at that time. They did not submit a bid on October 31, as I recollect, and there was no suggestion of that company that their machines should be tested. Their bid was submitted on March 20.

Mr. McCoy. I don't quite understand what you have testified to. Did the Time Marking Machine Co. of Chicago submit a bid on March 20?

Mr. BUSHNELL. On March 20; yes.

Mr. McCoy. Was one of its machines sent to the Washington post office for test?

Mr. BUSHNELL. But we are talking about machines sent here prior to that time, under the bids of October 31.

Mr. McCoy. Have we been talking about that all along?

Mr. BUSHNELL. Haven't we?

Mr. McCoy. I thought the bids of October 31 were rejected, and I was talking about a bid some time between the 20th of February and the 20th of March.

Mr. BUSHNELL. The committee's report recommending their rejection was dated the 20th of February.

Mr. McCoy. Well, suppose it was.

Mr. BUSHNELL. These tests that we are referring to occurred in the latter part of January and the early part of February.

Mr. McCoy. Mr. Britt, a few minutes ago, to clear the record up, you called attention to the fact that there were two biddings, and what we were really talking about was the bid of March 20. That is what we have been talking about. I had supposed that you so understood it, and I should hate to think I am mistaken, because I might have to go back and ask all those questions over again.

Mr. BUSHNELL. I think if the stenographer will read the record—

Mr. McCoy (interposing). I wouldn't have him do that for \$50.

Mr. BUSHNELL. You were asking me about requesting the machines to be brought here in January. That was long before the committee had made a reporting recommending the rejection of the bids of October 31.

Mr. McCoy. Then I will start all over again. What machines which were submitted under the bids of March 20, 1912, had been sent to the Washington post office for a test?

Mr. BUSHNELL. The bids of October 31—

Mr. McCoy (interposing). Now I can almost become profane—forget October 31. I haven't said anything about it. The record is perfectly clear, but your mind is confused. Now bear in mind I am talking about the bid of March 20, and I want to know what machines were offered in the bid of March 20 and were sent here to the Washington post office for test and were tested by this committee?

Mr. BUSHNELL. After the bids of March 20 there were no machines sent to the Washington office.

Mr. McCoy. I did not ask whether there were or not. I said what bids were submitted for test—what machines, submitted in the bids of March 20, have been sent to the Washington post office for test and tested?

Mr. BUSHNELL. Shall I enumerate them?

Mr. McCoy. Yes.

Mr. BUSHNELL. One International had been tested—

Mr. McCoy (interposing). I did not ask you that. My question was "sent here for test and tested." I will divide the question. Were sent here for test or left here for a test. The International was left here for a test.

Mr. BUSHNELL. They sent their Model S and Model L here. They had been tested in January.

Mr. McCoy. Now, wait a minute. Was the "Flier" tested in January—the International "Flier?"

Mr. BUSHNELL. Yes.

Mr. McCoy. That was tested in January. Now, is that all of the machines of the International Co. which were tested by the committee?

Mr. BUSHNELL. Yes.

Mr. McCoy. Now, then, take up the next company.

Mr. BUSHNELL. The Universal; their Models B and C.

Mr. McCoy. They were sent for a test?

Mr. BUSHNELL. Yes.

Mr. McCoy. When were they tested?

Mr. BUSHNELL. The Model B January 29 and Model C on February 5.

Mr. McCoy. Is that all the machines that the Universal Co. sent for a test and all the machines of that company that were here for a test?

Mr. BUSHNELL. That is all the machines that they sent here for test.

Mr. McCoy. Did they have any machines here which they permitted to be used for test?

Mr. BUSHNELL. Never that I saw; none that I ever saw.

Mr. McCoy. Now, don't let us have that kind of an answer.

Mr. BUSHNELL. If they had any other machines, Mr. McCoy, in Washington, the committee never saw it.

Mr. McCoy. All right; then it was not here for test. Now, what is the other company, or companies?

Mr. BUSHNELL. The American. They had the Stoddard, the Combination, the drop feed, the No. 1 hand power, and No. 2 hand power.

Mr. McCoy. Were they all sent here for test?

Mr. BUSHNELL. Yes.

Mr. McCoy. When were they tested?

Mr. BUSHNELL. At various dates in February.

Mr. McCoy. All in February? What part of February?

Mr. BUSHNELL. In the early part of February.

Mr. McCoy. What is the next company?

Mr. BUSHNELL. The Columbia. They had one machine.

Mr. McCoy. When you say "had" you mean only one machine was sent here or was here?

Mr. BUSHNELL. That is all. It was sent here January 29.

Mr. McCoy. And tested when, do you say?

Mr. BUSHNELL. January 29.

Mr. McCoy. What is the next company?

Mr. BUSHNELL. The B. F. Cummins Co., No. 5, No. 7, and No. 9.

Mr. McCoy. When were they sent here?

Mr. BUSHNELL. They were tested on January 24, 25, and 26.

Mr. McCoy. Is that the first time that you ever saw those machines, or machines of that kind?

Mr. BUSHNELL. The first kind? Yes.

Mr. McCoy. January, 1912?

Mr. BUSHNELL. Yes. The Ellis machine was sent here July 17, 1912. It was tested then.

Mr. McCoy. It was sent after March 20?

Mr. BUSHNELL. Yes. That was one of the new machines growing out of the bids of March 20.

Mr. McCoy. You think the inventor invented it all between February 20 and March 20?

Mr. BUSHNELL. No, sir.

Mr. McCoy. If you had not advertised for bids on February 20 there would have been a poor inventor who would never have known what he was capable of!

Mr. BUSHNELL. I did not say that. The machines grew out of the bids.

Mr. McCoy. Don't say "grew out of the bids." Say grew out of his mind long before that, and he was waiting to try to get it into the service whenever he could.

Mr. BUSHNELL. That was the first knowledge the department ever had of it.

Mr. McCoy. What else?

Mr. BUSHNELL. The Ielfield machine was sent here some time during the summer. I haven't the exact date of that.

Mr. McCoy. When was it tested?

Mr. BUSHNELL. I think, as far as I recollect, sometime in June or July. It was during the summer, about the same time the Ellis machine was sent here.

Mr. McCoy. Did you send any request to the Time Marking Machine Co. for one of its machines?

Mr. BUSHNELL. I do not recall that I did.

Mr. McCoy. Well, have you any way of so refreshing your recollection that you can say either that you did or did not; meaning by "you" the committee or yourself, representing the committee, or any member of it.

Mr. BUSHNELL. I do not recall any letter to that company. I am quite sure we did not send for them.

Mr. McCoy. Why not?

Mr. BUSHNELL. These calls that were made on the different companies to send their machines were, as I have stated, prior to the receipt of the bids of March 20, so that there were other new machines that were developed by the bids of March 20 that we did not send for. We never had Mr. Stoddard's No. 1 electric machine down here at Washington.

Mr. McCoy. Did you ever send to Mr. Stoddard for any specific machine?

Mr. BUSHNELL. Surely; all those that we knew anything about.

Mr. McCoy. Let us see your request.

Mr. BUSHNELL. I just read where we made the test of that in January.

Mr. McCoy. That is not the question. You tried to illustrate by saying you did not send to Mr. Stoddard for his No. 1. Did you send to him for any machines, or for such machines as he wanted to send?

Mr. BUSHNELL. For such machines as he submitted bids for in October.

Mr. McCoy. Can you produce that request?

Mr. BUSHNELL. I haven't the letter.

Mr. McCoy. Why haven't you?

Mr. BUSHNELL. Perhaps Mr. Stoddard has the letter.

Mr. McCoy. Mr. Stoddard has not been subpoenaed as a witness, but you have been, and you have been notified to produce everything that relates to the request—unless Mr. Stoddard wants to take the trouble to look for it.

Mr. STODDARD. If I have it, it is in the company's files.

Mr. McCoy. A copy of one request sent to half a dozen different companies ought to be here.

Mr. BRITT. You can produce it, can you not, Mr. Bushnell, a copy of the letter?

Mr. BUSHNELL. I think so; yes.

Mr. McCoy. Well, why wasn't the test made of the Cummins machine or the Time Marking Co.'s machine by your committee?

Mr. BUSHNELL. I do not know of any reason why it was not, except that that machine was already in the service and was in the same position as the "Flier" of the International Postal Supply Co. The owners of that machine told me very specifically, both in Washington and New York, that they did not care whether we made any tests of that machine or not; that they were willing to stand by the record the machines had made in the service.

Mr. McCoy. But the Time Marking Machine Co. never told you that, did they?

Mr. BUSHNELL. I do not recall.

Mr. McCoy. But notwithstanding what the International Co. said to you, the committee did make a test in Washington of the International Co.'s Flier, didn't it?

Mr. BUSHNELL. I think we made one or two tests, because Mr. Jahn, of the International Postal Supply Co., was here at that time, simply running the machine in the office.

Mr. McCoy. Have you ever seen the Time Marking Co.'s machine down at the Washington post office in operation?

Mr. BUSHNELL. Oh, yes; often.

Mr. McCoy. You relied something on that, didn't you?

Mr. BUSHNELL. Upon its general results. Not only that, but the general results that have been obtained by the machine in the service.

Mr. McCoy. Why didn't you test the Cummins No. 11?

Mr. BUSHNELL. In the Washington office?

Mr. McCoy. Yes.

Mr. BUSHNELL. We didn't have any here.

Mr. McCoy. Why didn't you get one?

Mr. BUSHNELL. We did not know anything about it at that time. We did not know about the No. 11 at the time the other machines were here in Washington.

Mr. McCoy. Why, you tested it with reference to this bid of March 20.

Mr. BUSHNELL. We did—you are reading from a sheet there that only pertains to the high-grade machines. The No. 11 is not in that class.

Mr. McCoy. It don't make any difference what I am reading from. I knew you were frightened because I had a sheet in front of me and imagined what I was doing.

Mr. BUSHNELL. No; I am not frightened at all.

Mr. McCoy. You just think of my questions and concern yourself with them. Now, tell me again why you did not test the No. 11.

Mr. BUSHNELL. In Washington?

Mr. McCoy. Yes.

Mr. BUSHNELL. We did not have it here.

Mr. McCoy. Did you ever hear of it before March 20?

Mr. BUSHNELL. Not before March 20; no.

Mr. McCoy. You never heard of it before March 20.

Mr. BUSHNELL. We never heard of it. We never heard of the No. 1 electric of Mr. Stoddard's either.

Mr. McCoy. The B. F. Cummins Co. did not bid on October 31, 1911, did it—no, the Time Marking Machine Co.?

Mr. BUSHNELL. I think not.

Mr. McCoy. When did you know that the Time Marking Machine Co. was going to submit a bid to be opened on March 20?

Mr. BUSHNELL. I did not know until the bid was opened.

Mr. McCoy. Is that the reason why you did not call for their machine, because they had not bid in October, and you did not know whether they were going to bid in March?

Mr. BUSHNELL. I do not recall. I do not know of any reason why it was not done.

Mr. McCoy. In your report of August 31, 1912, I find in Exhibit B that the Cummins No. 5 and the Cummins No. 7 were both reported on by your committee on Washington test and a Chicago test. All the other machines (the machines of other manufacturers) referred to in that same exhibit will show that other tests were made by postmasters of various offices. Why wasn't there any similar test and report on the Cummins 5 and 7?

Mr. BUSHNELL. Because there were none of those machines in the service.

Mr. McCoy. Was the most rapid of the machines of the American Postal Machine Co. known as the Stoddard machine?

Mr. BUSHNELL. Is that the end of your question?

Mr. McCoy. Yes.

Mr. BUSHNELL. Yes, that is the fastest machine.

Mr. McCoy. Did you say a few minutes ago that that was practically a new machine?

Mr. BUSHNELL. Not in principle, but I understand——

Mr. McCoy (interposing). No, but did you say it was, for the purposes of your committee and consideration by your committee, a new machine? Did you say it a few minutes ago?

Mr. BUSHNELL. I said the committee——

Mr. McCoy (interposing). Did you say that a few minutes ago?

Mr. BUSHNELL. Well, the stenographer will have to read what I said.

Mr. McCoy. What do you think you said a few minutes ago?

Mr. BUSHNELL. I know what I had reference to.

Mr. McCoy. What did you have reference to?

Mr. BUSHNELL. That the machine had been improved, which would naturally put it in somewhat a different class. The principle is the same, of course, but the new machine which Mr. Stoddard had here in Washington and which the committee subsequently tested in Boston was faster than the record made by that machine in the service; and Mr. Stoddard is my informant that the machine has been improved, but just what parts have been changed I do not know, of course; but it would naturally put it in the class of slightly

different machines from those naturally in the service. That is merely my judgment.

Mr. McCoy. You acted on that judgment, and the other members of the committee did, in making the recommendation?

Mr. BUSHNELL. Well, it is the committee's recommendation. Whether they reached the same conclusion, of course, I do not know.

Mr. McCoy. That is complimentary to the committee, of course—the rest of them.

Mr. BUSHNELL. The committee is unanimous in its report.

Mr. McCoy. But whether it is the conclusion of the rest of the members of the committee you do not know; you simply know that they so stated in writing. How did it happen that that machine, which, for the purposes of your committee report, was in some respects considered a new machine, got a test from 17 post offices?

Mr. BUSHNELL. That machine did not get a test in 17 post offices.

Mr. McCoy. Will you look at Exhibit B?

Mr. BUSHNELL. Yes; I understand what you refer to, but it is merely put in there under the designation of that machine. If you will allow me to read from the report of the canceling machine committee, Mr. McCoy—

Mr. McCoy. Well, I find that almost the quickest way is to let you have your own way, so take it and read anything you please. Read what you want to read from the report.

Mr. BUSHNELL. Under the head of "Stoddard machines" the committee has this to say [reading]:

This machine is in the class of high-grade machines, although, as stated heretofore, in the service it has not developed as high a degree of efficiency as either the "Flier" or the "Cummins." However, in a number of post offices of the first class this is the only type of machine used, and it apparently does the work satisfactorily. There are 41 under rental at the present time at \$225 each. And again, in the Boston office the following numbers show that that particular machine then under test was faster and more accurate than some of the same model in the service, according to the reports of the postmaster.

Mr. McCoy. Is that all?

Mr. BUSHNELL. Yes.

Mr. McCoy. So the mere fact that it developed more speed put it into the class of machines that had to be compared with machines that were admittedly new? Is that what you mean?

Mr. BUSHNELL. In a measure.

Mr. McCoy. What sort of a measure did you use when you decided those questions? Was the Universal machine a machine that had been in the service?

Mr. BUSHNELL. No.

Mr. McCoy. That seems to have had a test by the New York postmaster and the Washington postmaster?

Mr. BUSHNELL. Yes.

Mr. McCoy. Why did you not try the Cummins No. 5 and the Cummins No. 7 on the New York postmaster?

Mr. BUSHNELL. The Universal machine is made in New York. It is very much easier to have it tested in New York than elsewhere, or the short distance to Washington. The Cummins machines are made in Chicago, and I can not conceive of any better office than the Chicago office to test that class of machine in because they handle more mail—

Mr. McCoy (interposing). I can not conceive of any better either. I agree with you. What is the freight on one of these machines from Chicago to Washington?

Mr. BUSHNELL. I do not know.

Mr. McCoy. It would hardly be as much as \$10, would it?

Mr. BUSHNELL. Probably not. But I would like to state right here, Mr. McCoy—I would like to show just what significance these so-called tests of canceling machines—just what significance there is in them.

Mr. McCoy. I do not think there is any myself.

Mr. BUSHNELL. It has not been clearly brought out in these hearings.

Mr. McCoy. That is due to the witnesses.

Mr. BUSHNELL. There is no one who understands it better than Mr. Bowes or Mr. Stoddard and the other gentlemen. But these tests were made under conditions that never obtained.

Mr. McCoy. That is right.

Mr. BUSHNELL. They were fancy tests. It is like speeding a race horse to find out what he will do under forced conditions. But in actual service the machines are not subjected to any such forced conditions. In all these tests which the committee made they were made by the canceling machine companies with all the assistance that they cared to have.

Mr. McCoy. Including that of the inventors?

Mr. BUSHNELL. Surely.

Mr. McCoy. Being post-office employees?

Mr. BUSHNELL. We gave them all the assistance——

Mr. McCoy (interposing). They gave you all the assistance.

Mr. BRITT. Mr. McCoy, I must insist that if you want to make that an argument it is your privilege, but not as a part of your testimony.

Mr. BUSHNELL. I would like to finish.

Mr. McCoy. All right; I will not interrupt.

Mr. BUSHNELL. When the machines of Mr. Stoddard, of the American Postal Machines Co., for example, were here in Washington, Mr. Stoddard was here and conducted those tests. He was permitted to have all the assistance that he could get from the Washington office in the way of clerks to put the mail on to the stacks, and he ran the machines himself at the utmost speed that he could run them, and in those tests the condition of mail matter was considered. I recall very well that Mr. Stoddard remarked to me that the mail here in the Washington office was not similar to that in Boston or New York or in a commercial city, and I quite agreed with him, because it is entirely different.

Mr. McCoy. How different?

Mr. BUSHNELL. Particularly the class of mail that comes from the Capitol. It is in better stationery, heavier stationery; the letters are thicker, and all that; it is of good character.

Mr. BRITT. Is it not of very uniform quality?

Mr. BUSHNELL. Yes, sir. A thick letter travels slower than a thin letter, and a large number of postal cards sandwiched in with a bunch of letters will produce a very much better record for the canceling machine than a bunch of uniform letters. I am referring to Mr. Stoddard, but every one is given the same opportunity. Mr. Stod-

dard was given the chance to try the machine on post cards to see what speed the machine would make.

Mr. BRITT. They would be favorable material, would they not?

Mr. BUSHNELL. Yes. Now, those are conditions which never obtain in a post office. Mr. Stoddard's machine, both here and in Boston, developed remarkable speed in the postmarking of postal cards, but I will venture to assert that not once in 10 years in the average office would such a condition exist. The machines are used for postmarking mail as it comes in from the streets, and that is mixed mail, and the personal equation is a matter that enters largely into the operation of a canceling machine. As every one knows, the clerks in the post office are not driving these machines with the same speed as Mr. Stoddard or Mr. Bowes or Mr. Cummins or anybody that has a canceling machine.

Mr. McCoy. Can Mr. Cummins run a canceling machine?

Mr. BUSHNELL. I do not know about Mr. Cummins, but Mr. Stoddard is an expert operator.

Mr. McCoy. Now that you are on that general subject—

Mr. BUSHNELL (continuing). There is no one that appreciates that—my opinion of those tests—more than Mr. Stoddard or Mr. Bowes. I attach very little value to those so-called fancy tests of canceling machines.

Mr. McCoy. But it is perfectly possible to go right down here to the Washington post office and make an assortment of mail off the tables to test the machine?

Mr. BUSHNELL. But the Washington office is not—

Mr. McCoy (interposing). Can not you go down to the Washington post office and make the character of the mail just the character of mail that you want to go through your machine?

Mr. BUSHNELL. You can if you delay the mail.

Mr. McCoy. I went down there and did that and I did not delay the mail. I saw some thick mail go through the Cummins machine and I did not delay the mail any more time than it took to put through three pieces that were put through there then. There was a certain delay, but there was not enough to block the dispatch of mail.

Mr. BUSHNELL. But the point I want to make is that these tests of machines are only valuable insomuch as they show a general relative difference—

Mr. McCoy (interposing). Now, I agree—

Mr. BUSHNELL (continuing). They do not represent the actual conditions that the machine is subjected to in the service.

Mr. McCoy. I agree with you on that, Mr. Bushnell. That is the first thing, I believe, that we have agreed about. Taking exactly the conditions that you have described, why would it not be very much better to have a test of these machines made in one post office with all the other machines there that are submitted for a bidding or for any other purpose, and have them tested in the one post office, side by side, giving the inventor and anybody else the best man they can pick out in the United States to come to that post office, and have the test last a month; and appoint a man who knows something—I can name you some men right out here in the shop in this city—instead of having one machine come to Washington, another machine sent to Boston, other machines sent to New York or Chicago? I will venture to say that every one of the manufacturers would agree that

it was better to make the test that way than to send a machine out to San Francisco, for instance.

Mr. BUSHNELL. If you had every machine tested in the Boston office or any other office, and if you ever tried those machines in another office, there would be a difference, simply because the operator whose daily occupation it is to run mail through the machine might work differently. It does not make any difference where the test is made. If you make a test in Washington and that kind of machine is sent somewhere else, another operator is going to use the machine. If you take another machine and send it to Chicago and have it put through the test with an expert and then send it out to San Francisco you have got a different operator.

Mr. McCoy. It does not make any difference where the test is made. It is true that the machine will come into the hands of different people; but if you will get the machines in an office side by side and take a month to make the test, so that each man can sit there and make the test for himself, just as I, not knowing a thing about canceling machines, went down to the Washington post office and had this test made—why, it is the simplest thing in the world.

Mr. BUSHNELL. But the best test that can be made is in actual service.

Mr. McCoy. Very well. Have them tested under service conditions.

Mr. BUSHNELL. That is just exactly what we did.

Mr. McCoy. You have never had the Cummins No. 11 machine tested, and Dr. Grandfield has said so.

Mr. BUSHNELL. I beg your pardon; the Cummins No. 11 has been working in the Chicago office for several months.

Mr. McCoy. Not before you made your recommendation of August 31, and Dr. Grandfield said it had never had a service test and the No. 5 and No. 7 have never had a service test.

Mr. BUSHNELL. The No. 7 has been working as a pick-up table in the Chicago office for more than a month, and another in place of a time-marking machine, doing the work that the other machine was intended to do. Now, Mr. Stoddard was down here some time in the summer and I suggested that he take his No. 1 electric machine and put it in the Boston office and give it all the test he wanted to, in place of another machine, and let it do the daily stunt that this other machine had to do. He did that and he wrote me that the machine had maintained a speed of over 600 a minute; and that machine was not tested by the committee except for a few months in the Boston office. We never heard of the machine until we saw it up there, but the committee had relied more on the statement that Mr. Stoddard made of the good work that the machine did in the Boston office than anything else, and I have Mr. Stoddard's—

Mr. STODDARD (interposing). I beg your pardon. The machine was tested first in the Washington city post office.

Mr. BUSHNELL. That is right.

Mr. McCoy. What Mr. Bushnell has now said just confirms absolutely my opinion about it. He has said that a machine can get a service test in a month. That is just exactly what I say. I say that if they would put every machine to what he has pleased to call a "service" test for a month in the same office where the conditions are presumably even and identical all the time, and instead of appoint-

ing a committee of five would pick out one good man who knew the difference between a machine and a solar parallax, one man would be taking the time of five and it would be a real comparative test.

Mr. BUSHNELL. Provided you put that machine to the kind of work that would have to be done in the post office, not fancy tests.

Mr. McCoy. That is just exactly what I am assuming—that you would give them the same test.

Dr. GRANDFIELD. What was it you quoted me as having said?

Mr. McCoy. You have testified that some of these Cummins machines have never had a service test.

Dr. GRANDFIELD. I beg your pardon—

Mr. STODDARD (interposing). Mr. McCoy, we had been at a very great deal of expense getting the machine down here and back again and I wanted something for my money. I do not want that left out.

Mr. BUSHNELL. The committee has recommended a large number of those machines, and the committee gave it very little test, but we are satisfied that the machine is a good one.

Mr. McCoy. Just in that connection I am going to read from a copy of a letter signed by E. T. Bushnell, acting First Assistant Postmaster General, directed to the Second Assistant Postmaster General in October, 1910:

A small number of Universal canceling machines manufactured by the Universal Stamping Machine Co., of 180 Broadway, New York, have been used by this department for nearly a year. It is not possible after so short an experience to give any statement as to the merits of the machine, but it promises to equal in efficiency any machine at the same price.

TESTIMONY OF MR. WALTER H. BOWES, PRESIDENT OF THE UNIVERSAL STAMPING MACHINE CO. OF NEW YORK.

The witness was duly sworn by Mr. McCoy.

Mr. McCoy. What is your connection with the Universal Stamping Machine Co.?

Mr. BOWES. President.

Mr. McCoy. How long have you been president of it?

Mr. BOWES. About five years.

Mr. McCoy. You have been listening to Mr. Bushnell's statements for the last five minutes?

Mr. BOWES. I have.

Mr. McCoy. Make such comment on them as you want to.

Mr. BOWES. My comment is this: That from my observation it has been the custom in the Post Office Department where a manufacturer or inventor of a canceling machine desired to have his machine considered by the department, that machine has usually been sent to Washington in order that a series of tests might be conducted, which have been under the supervision of Mr. Springer. The tests on our machines were usually carried on from 2 to 4 weeks. That Mr. Springer, in conducting those tests, in some cases allowed the representative of a company to run his machine, but more often put on one of the regular canceling machine operators; and that further, during these tests, all characters of mail would be put through the machine. For instance, in the case of our fast machine, the test was made in the Washington office covering a period of 30 days. This test was in charge of Mr. Springer, who has been conducting all the tests.

Mr. McCoy. For how long a time?

Mr. Bowes. From 15 to 20 years.

Mr. McCoy. I mean from your own knowledge.

Mr. Bowes. Five or six years. Therefore I do not agree with Mr. Bushnell that the tests were conducted as special tests by Mr. Springer or that the conditions were not service conditions, except that in some places the machines were not put in place of regular service machines.

Mr. BUSHNELL. That is what I mean.

Mr. BOWES. Now, in the case of the tests on the New York machine, that machine was put into actual service and the machine was run during all the hours that the other machines were run, in the battery.

Mr. McCoy. In the Hudson Terminal?

Mr. BOWES. Yes, sir. During the 30 days it was actually under service conditions, as Mr. Bushnell has said—

Mr. McCoy (interposing). To which test do you refer?

Mr. BOWES. The one here.

Mr. McCoy. The one that the postmaster spoke about?

Mr. BOWES. Yes, sir. That was a test under actual service conditions but not under conditions that Mr. Bushnell stated. Now, in that respect, everything that Mr. Bushnell has stated—he is absolutely in error in that regard.

Mr. BUSHNELL. In regard to that machine?

Mr. BOWES. In regard to that machine and in regard to other tests of our machines in the Washington office as conducted by Mr. Springer. Now, in this particular case I will ask permission to comment on the tests, in view of a statement to the German Government that a year was not a long enough test of a machine to prove its merits, and in view of the fact that although I was the lowest bidder in 1910 I was shut out of a big contract because my machine was new. I submitted my fast machine to this department in the year 1910 for test. At that time I knew of only three fast machines being used by this Post Office Department, and it was my belief that the department was badly in need of competition. I submitted my machine to the department and was informed by Dr. Grandfield that the department had more fast machines than it would require or would be likely to require for a considerable period, and that I would be wasting my time and my company's money in making the test; so I shipped my machines to Canada and other places. At a later date I submitted my machine to Mr. Bushnell and he desired me to ship a machine to Washington for test.

Mr. BRITT. When was it that you had this machine shipped to Washington?

Mr. BOWES. Prior to June 15, 1910.

Mr. McCoy. When was your conversation with Mr. Bushnell?

Mr. BOWES. The following summer when I returned from Europe.

Dr. GRANDFIELD. When was the conversation with me?

Mr. BOWES. It was on the floor of the Washington city post office at the time I have just stated. You supplemented your remarks to me by taking me over to the Cummins canceling machine, attempting to show me the merits of that machine which I questioned, and then you called an operator and had it demonstrated. I disagreed with what you said and told you that I did not believe there ever had

been submitted to the Post Office Department a successful fast machine except the Flier, and we had beaten the Model S of the —.

Dr. GRANDFIELD (interposing). My inquiry was as to the date of the conversation.

Mr. BOWES. Prior to the awards of 1910.

Mr. BRITT. You remember the fact, do you not, that the act of Congress making appropriations for the Post Office Department was not passed until the 12th day of May, 1910, and that the contract would not become operative until the 1st day of July?

Mr. BOWES. I did not know that as a fact.

Mr. MCCOY. But the main fact is that you stated that you had a fast machine and you were told that the department did not require a fast machine?

Mr. BOWES. I was. May I continue?

Mr. MCCOY. Yes.

Mr. BOWES. The result of all this was that I again submitted this machine to the department. I imagine it was some 10 months ago.

I wrote a letter to the Post Office Department asking that they test my fast machine under service conditions in a number of offices, so that there could be no question that this machine was tested under actual service conditions and to avoid the question which I raised in my own mind that there might be favoritism from an office in the city in which my company belonged. That was my reason for asking that the test be conducted in different cities. A reply was sent to me that I should submit this machine to Washington, which I did, for a test of 30 days under the supervision of Mr. Springer, whose judgment in the control of tests of machines I was perfectly satisfied would be fair. Later the machine was sent to the Hudson Terminal Station for test. There that machine was run for 30 days, probably three or four hours a day, operated by the post-office clerk, running the regular mail through the machine, the mail which was being run through other machines on the floor.

Mr. MCCOY. That is the highest office in New York City?

Mr. BOWES. I think it is. I was advised that I would be notified at a later date as to further continuing the tests. As far as I know, the department placed itself on record that it did not want to test my fast machine any further and was not interested in my fast machine any further.

Mr. MCCOY. You mean you deduce that, because it did not have a further test?

Mr. BOWES. Yes, sir. And later, Dr. Grandfield testified that it was because this machine had not been used in the service. I knew it would give the department a ground for refusing the contract in 1910, which ground was that my machine was new in the service, and too new in the service to replace the machines which had been used.

Mr. BRITT. It was new in the service?

Mr. BOWES. New to the service, although I claim that it was not new in the service.

Dr. GRANDFIELD. When was the first test of it made?

Mr. BOWES. The first test of it was made probably 10 or 12 months before the awards of 1910.

Mr. BRITT. Mr. Bowes, your machine was tested in the Hudson Terminal Station in New York and in the Washington City post office?

Mr. BOWES. Exactly.

Mr. BRITT. And the committee recommended a contract for 100 of your machines?

Mr. BOWES. So I understand. I only bring this out to show that the precedent set by the department has been that a machine could not be seriously considered unless it had been under service conditions for at least a limited period, and according to Mr. Bushnell's statement in this report to Germany a year was not sufficient time for the department to base its judgment on the machine.

Mr. MCCOY. If you will allow me to interrupt right there, I will read something into this record at this point. At page 92 of this record Dr. Grandfield testified in regard to the bid of the B. F. Cummins Co., opened March 20, 1912, in which four types of machines are specified [reading]:

Dr. GRANDFIELD. I am speaking about this bid now, as I understand it. If I understand it correctly, you are asking me whether this machine and this machine and this machine [indicating] had ever been used in the service, and I say no.

Mr. MCCOY. Because the B. F. Cummins Co. had never furnished any?

Dr. GRANDFIELD. No; not altogether, because in that case it is the actual fact that none of them have ever been used in the service.

Mr. MCCOY. You mean there have never been machines of that kind in the service?

Dr. GRANDFIELD. Yes.

Mr. MCCOY. Was the Government, then, calling upon all of these bidders to furnish an entirely new kind of machine?

Dr. GRANDFIELD. No; we were calling on the bidders to furnish whatever machines they manufactured.

Mr. MCCOY. I don't know whether it is my fault or yours that we don't get together here.

Dr. GRANDFIELD. I think I can clear it up if you will allow me to make a statement.

Mr. MCCOY. If you think you know what I mean, go ahead.

Dr. GRANDFIELD. I think I know what you mean. All of these machines that the B. F. Cummins Co. offered are machines—

Mr. MCCOY (interposing). Under the bid of March 20, 1912?

Dr. GRANDFIELD. Yes—are machines of a new type, and they are all of the same type, the only difference being in their capacity. One machine looks exactly like the other except as to size and finish. Every one of them is identically the same in other respects, and they differ radically from the time-marking machine heretofore furnished by the Time Marking Machine Co., of which Mr. Cummins is the manager.

Further, on page 93 [reading]:

Mr. MCCOY. But that the Cummins Co. had never manufactured any of that kind. Do you mean to testify to that?

Dr. GRANDFIELD. No; I mean to testify to the fact that none of the Cummins machines of the type described in this advertisement have ever been used in the postal service on a rental basis. We never had a contract for them, never used the machines, and they are entirely new.

Dr. GRANDFIELD. No; the inquiry I was making of Mr. Bowes was as to the date of the conversation that he states took place in the Washington post office.

Mr. BOWES. I can refer to another conversation with you on the subject.

Dr. GRANDFIELD. If we can clear up this, I can—

Mr. BOWES. I said it was prior to the awarding of the contracts of 1910.

Dr. GRANDFIELD. How much prior?

Mr. BOWES. In May or June.

Dr. GRANDFIELD. Well, had you put in a bid for supplying the service with those machines?

Mr. BOWES. I put in a bid afterwards.

Dr. GRANDFIELD. After the conversation with me?

Mr. BOWES. Yes, sir; I bid on those machines—on the contracts calling for machines for 1910.

Dr. GRANDFIELD. It was after you had put in your bid?

Mr. BOWES. No, sir; the conversation happened some time before I put in my bid.

Dr. GRANDFIELD. How much before?

Mr. BOWES. You know when the bids were opened. They were opened prior to July 1, 1910, and this conversation was in May or June, as near as I can recollect. I can hunt up and find out within a week just when it was. This all comes, of course, from the precedent which seems to be set and fixed by the department and with which I concurred.

Dr. GRANDFIELD. Do you consider now that your machine has ever had a service test?

Mr. BOWES. I consider this was the most severe test—

Dr. GRANDFIELD (interposing). I am not speaking about the severity of the test; I am speaking about a service test.

Mr. BOWES. It was a service test because it was under certain conditions and it was amongst a battery of machines.

Dr. GRANDFIELD. In my testimony that Mr. McCoy has quoted, you will note that I distinguished between a test where a machine that is in service—my definition of "service test" is a test of a machine while in the service of the Government.

Mr. BOWES. There is no difference who owns the machine. That has nothing to do with the service test.

Dr. GRANDFIELD. I agree with you, but at the same time I am simply explaining the statement that Mr. McCoy quoted.

Mr. BOWES. Oh, I see.

Mr. BUSHNELL. Can I ask this question, Mr. Bowes: Did you say that the test in the Washington office was under service conditions?

Mr. BOWES. No; I said it was under "certain" conditions, and I have named the conditions.

Mr. BUSHNELL. According to the report of the Washington office, which was read into the record this morning, the test of that machine consisted of one-minute tests on six different days. There were three or four tests of a minute each.

Mr. BOWES. Those were the only ones that were reported, Mr. Bushnell. As a matter of fact, the tests went on for 30 days, and I did not say that was under service conditions; I said the New York test was under service conditions.

Mr. BUSHNELL. The distinction I endeavored to make in my remarks as between a test and actual service conditions was, taking a machine which is in use in a post office, moving it over to the other side of the room, and making the new machine do the work.

Mr. BOWES. That is precisely what was done in the New York office.

Dr. GRANDFIELD. No one has intimated to the contrary, Mr. Bowes.

Mr. BOWES. No.

Mr. BUSHNELL. The report shows that there were only one-minute tests made in the Washington office. It is not a correct report of the conditions if it only refers to certain minute tests picked out—

Mr. BOWES (interposing). Maybe.

Mr. BUSHNELL. Sir?

Mr. BOWES. I did not state that the test in the Washington office was under service conditions.

Mr. BUSHNELL. What I endeavored to make clear was that a machine that is in daily use, that is postmarking mail as it comes in from the streets and is dropped on the table by the carriers—that that service is quite different from the test which is made of a machine simply to see what it will do; and there is no one who knows better than Mr. Bowes here what I mean, because I have tested his machines along with him, and he knows how much value I place upon those fancy tests.

Mr. BOWES. I do not criticise that statement of yours, Mr. Bushnell.

Mr. BUSHNELL. And the recommendation of the canceling machine committee has not been based on any mathematical calculation as to what a particular machine would do under a fancy, race-horse test?

Mr. BOWES. May I ask Mr. Bushnell a question?

Mr. McCoy. Sure.

Mr. BOWES. Were the tests conducted in the Chicago office, which you saw, made on machines which were under the observation of the experts you speak about?

Mr. BUSHNELL. Not at all. They had the No. 7 machine in the Chicago office hooked up to one of the pick-up tables, doing the regular work for more than a month.

Mr. BOWES. Who operated the machine, if you know?

Mr. BUSHNELL. The clerks in the office.

Mr. McCoy. If you know—do you know?

Mr. BUSHNELL. That is only hearsay, but the expert with the machine was not running it. I saw that.

Mr. BRITT. In other words, these were just the regular clerical force of the office that were running it?

Mr. BUSHNELL. Yes, sir. I saw both the No. 7 and the No. 11 used in the same way. No. 11 was used in the auxiliary section of the Chicago office for a month or more. Mr. Andrus was there and we saw the machine in use, and the machine was not used simply for fancy tests.

Mr. BRITT. You considered that a normal and practical test?

Mr. BUSHNELL. Service conditions.

Mr. BOWES. Were the tests reported on by Mr. Gasman of the Chicago office?

Mr. BUSHNELL. No, sir.

Mr. BOWES. The report shows that they were.

Mr. BUSHNELL. Well, I simply passed through Chicago and went into the Chicago post office simply because I was interested in this matter and the matter had not yet been settled, and I went in there simply to see what was doing, as I do whenever I go through Chicago, and that is what I saw. I did not know before I went there that these machines were actually in use there.

Mr. BRITT. I do not hear anybody raising any question about Mr. Bowes's machine.

Mr. McCoy. The whole thing is about what a service test is, and we think Mr. Bowes's judgment is sound. It has developed here that what is a proper test for the Cummins machine is not a proper test for another machine, and that is what I am going to report to Congress.

Dr. GRANDFIELD. You will make an incorrect report if you do.

Mr. MCCOY. I do not think your opinion is worth anything on that subject, and I am going to put that in the report, too.

Dr. GRANDFIELD. You will find amongst these reports of the Chicago office tests exactly similar to the test given Mr. Bowes's machine in the New York office.

Mr. MCCOY. Mr. Bowes was undoubtedly referring to Exhibit 5, found at page 162, where the Chicago postmaster says: "Relative to test made of the three new models of canceling machines manufactured by the B. F. Cummins Co., you will please find herewith a report from Mr. George A. Gasman, assistant superintendent of mails, setting forth the results of the test of these machines."

Did you have that before you when you passed on these matters?

Mr. BUSHNELL. I do not remember whether we did or not.

Mr. MCCOY. I suppose not. Dr. Grandfield, you testified that Exhibit 5, so far as you knew, contained a certified copy of all the reports made on the Nos. 5, 7, and 11 Cummins machines; you said:

So far as I know, they are all the reports from the Chicago post office.

That is on page 164, Dr. Grandfield.

Mr. BRITT. Do you know who conducted the test of your machine in the Hudson Terminal office?

Mr. BOWES. No, sir; I was not there; I do not know except from the information of one of my men.

Mr. BRITT. You were there frequently yourself?

Mr. BOWES. Very rarely.

Mr. BRITT. How often were you there?

Mr. BOWES. I do not believe I was there in the station more than three times during the 30 days.

Mr. BRITT. You do not know the clerks who made the tests?

Mr. BOWES. Excepting my man.

Dr. GRANDFIELD. How often was your man there?

Mr. BOWES. You can get that from the New York post office.

Dr. GRANDFIELD. I am well aware of that.

Mr. BRITT. How much time did your employee stay there during the test?

Mr. BOWES. I could not state. The report covers any repairs made to the machine during that time.

Mr. BRITT. But the report would not show the time that you had one of your representatives there?

Mr. BOWES. No, sir. I know that the man would be available for any test that would be called for.

Mr. MCCOY. Was the man who was there one of the inventors of the machine?

Mr. BOWES. No, sir; he was comparatively a new man.

Mr. BRITT. But he was one of your employees?

Mr. BOWES. He was one of our men. He was asked to explain the mechanism on several occasions, and explained the mechanism so that they could make a report on the conditions.

Mr. BRITT. The canceling-machine business and the use of canceling machines is a development of recent years?

Mr. BOWES. It is a development of 20 years.

Mr. BRITT. Mainly, within how many years?

Mr. BOWES. Successful machines have been developed within 20 years.

Dr. GRANDFIELD. Do you remember the first contract that was made for the rental of your machine?

Mr. BOWES. I do, very clearly.

Dr. GRANDFIELD. How long was that machine tested before the contract was awarded?

Mr. BOWES. Sixty days.

Dr. GRANDFIELD. Do you know on whose recommendation that contract was awarded?

Mr. BOWES. It was yours, I think. You recommended that the contract be for 50 machines.

Dr. GRANDFIELD. And you got them?

Mr. BOWES. No; only 25. But I remember that afterwards I was told that the number of machines would be doubled, and out of different contracts for some \$270,000 a year you gave me a contract for \$3,000.

Dr. GRANDFIELD. How long after the first contract was made was it that we made the second contract?

Mr. BOWES. About 8 or 10 months.

Dr. GRANDFIELD. In the meantime we had the benefit of the reports made by the postmasters in the offices in which your machines were placed?

Mr. BOWES. I suppose you did.

Dr. GRANDFIELD. The report of the committee of 1910, of which Mr. Bushnell was chairman at that time, states clearly what its opinion of those machines was, and that report is here, if you want to refer to it.

Mr. BOWES. It stated that our machine was better than any other machine of its type in the service, so far as limited knowledge could go.

Mr. Bushnell, you have visited a number of offices in which our machines were installed?

Mr. BUSHNELL. Yes, sir.

Mr. BOWES. A number of different offices?

Mr. BUSHNELL. Yes.

Mr. BOWES. We were entitled under the law to a very much larger contract, but we did not make any complaint officially at that time, except verbally, for this reason: It seemed to be the policy of the department, and a policy the grounds of which seemed to be well taken, that the department should know something about a machine by actual service test before awarding a contract, and that was the reason given for not giving me a larger contract, and I concurred with that view because it seemed a safe precaution.

Mr. BRITT. But under the law the award would have been given on the basis of cheapness and efficiency.

Mr. BOWES. Oh, there were my figures——

Mr. BRITT. But there may be a great variety of opinion as to efficiency, and you are giving your report——

Mr. BOWES (interposing). I am not. I am giving you the canceling machine committee's report.

Mr. BRITT. Upon a limited test.

Mr. BOWES. They considered the limited test of 30 days in New York, 30 days in Washington, and a service test of 3 or 4 or 5 months.

Mr. BRITT. I understood you to say that they considered it was a good machine to the extent of the limited tests?

Mr. BOWES. No.

Dr. GRANDFIELD. You did say that you were satisfied with the 1910 contract?

Mr. BOWES. No, sir; I said I was compelled to be satisfied with it on the ground that the department would not award any contract without a service test.

Dr. GRANDFIELD. You accepted that as a valid reason?

Mr. BOWES. I complained to Mr. Wood and to Mr. Bushnell about it.

Dr. GRANDFIELD. I understood you to say that you accepted that as being a valid reason.

Mr. BOWES. I accepted it as the department's reason, which seemed to be a reasonable reason.

Dr. GRANDFIELD. That is what I understood you to say.

Mr. MCCOY. In other words, it was in the interest of the public service?

Mr. BOWES. Yes, sir. It left us with 135 machines on the floor of our place for three years and we very nearly had to go out of business; but the precaution that the department had taken seemed to be a very wise precaution.

Dr. GRANDFIELD. Just wherein does your criticism apply to me, then?

Mr. BOWES. Did I offer any criticism in regard to this machine?

Dr. GRANDFIELD. There was one implied.

Mr. BOWES. I criticized you for advising me, the president of a canceling machine company, to discontinue my efforts on the construction of a fast machine which would save the department money on the ground that you had more than you could use for some time, when, as a matter of fact, you afterwards installed a number of additional high-speed machines of another company.

Mr. MCCOY. Of which company?

Mr. BOWES. The Cummins Co.

Mr. MCCOY. The Time Marking Machine Co.?

Mr. BOWES. The Time Marking Machine Co. I did not think it was right for you to advise me not to compete with other machines when the price of mine was lower than any other price which you had the opportunity to receive. That was my criticism.

Mr. MCCOY. Do you want to make any further statement?

Mr. BOWES. No, sir. I have simply been replying to questions.

Mr. MCCOY. Are you through, Doctor?

Dr. GRANDFIELD. Yes, sir.

Mr. MCCOY. Are you through, Mr. Britt?

Mr. BRITT. Well, you will still be available, Mr. Bowes?

Mr. BOWES. Yes, sir.

Mr. BRITT. That is all.

TESTIMONY OF MR. E. T. BUSHNELL—Continued.

Mr. MCCOY. Mr. Bushnell, the specifications for the October 31 bidding and the specifications for the March 20 bidding were substantially the same, were they not?

Mr. BUSHNELL. Substantially. The number of machines differed.

Mr. McCoy. But I mean the description?

Mr. BUSHNELL. Yes.

Mr. McCoy. By which bidders should be guided?

Mr. BUSHNELL. Yes.

Mr. McCoy. Now, item No. 3 in each one of the specifications which I have mentioned calls for a nonautomatic machine, does it not?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. It all referred to the drop-feed machine made by the American Machines Co., did it not?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. But it did not describe any other kind of machine?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Did it?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Was it not the intention of the Government subsequent to the advertising of July, 1911, to order any of those drop-feed machines?

Mr. BUSHNELL. Certainly.

Mr. McCoy. What?

Mr. BUSHNELL. Surely.

Mr. McCoy. It was the intention?

Mr. BUSHNELL. If we got the bids; if we had a suitable bid.

Mr. McCoy. Was it not the intention not to have any of them?

Mr. BUSHNELL. Well, I do not know who had any such intention. I did not. I recommended, or rather suggested, to the purchasing agent that he put in the specifications 125 of those machines, because I believed that that number could be used to advantage.

Mr. McCoy. You have changed your mind since?

Mr. BUSHNELL. Surely.

Mr. McCoy. What changed your mind?

Mr. BUSHNELL. Because Mr. Stoddard eliminated his own machine by submitting a machine for \$10 a year which would do seven or eight times as much work.

Mr. McCoy. The same kind of machine?

Mr. BUSHNELL. No; the class of the machine is automatic: It is made by the kind of work it performs, that is, the number of letters it postmarks. It is a business proposition.

Mr. McCoy. The type of this machine is described with reference to the fact that it is known as a "drop-feed" machine?

Mr. BUSHNELL. Surely.

Mr. McCoy. Where an operator takes up a letter, drops it in, puts a postmark on it, and it goes out again?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Now, why did not you or your committee award any of those machines, or the contract for them, to the American Postal Machines Co.?

Mr. BUSHNELL. Because we believed the bids of March 20 showed machines that would do a great deal more work for the same amount of money—or a little more money. The whole principle, Mr. McCoy, of the canceling-machine feature is involved in that very question. If the Government can get in the near future—and the time seems to be coming near when it can get them—can get electric machines for a low enough price—postmarking machines, in my judgment no

other kind should be used. It would eliminate all hand machines which are asked for also in those specifications, because undoubtedly an electric machine in any post office where there is power is a labor saver and a timesaver, and if electric machines can be obtained at prices for which in years past hand machines have been obtained, it would be my judgment that the Government would be very greatly benefited in using electric machines. Now, in this drop-feed machine, the capacity of that machine is the capacity of a man to face mail into that machine. It is the slowest type of canceling machine that is in use. There are some places where I believed and still believe that those machines could be used to good advantage, but with the electric machine which Mr. Stoddard showed the committee while in Boston and subsequently here in Washington—his No. 1 hand machine with a small electric motor attached—it appeals to me as being the ideal canceling machine for the second-class office or the smaller grade of post office, especially as it is interchangeable with the hand power, so that if it was originally installed as a hand power machine and the office grew to the extent where it would be desirable to have electric power used it could be converted into an electric power machine at very little expense. The same feature applies to the Cummins No. 11; those two machines are convertible; they can be used either as hand machines or electric machines, but in the judgment of the committee it would be a very unbusinesslike proposition to rent any more of the drop-feed machines when they could rent for \$10 a year more a machine that could do so much better work. I think that is also illustrated in the evidence given by Dr. Grandfield sometime back, stating what we did in the Philadelphia office. We took out 11 drop-feed machines and substituted one fast machine, and they have been doing the work ever since with the new equipment. I believe that there are a number of offices now, particularly in New England, where a number of drop-feed machines could be taken out to a great advantage and one fast machine substituted. It would lessen the number of machines and the number of operators, and in my judgment would be a more efficient equipment than so many of those drop-feed machines.

Mr. McCoy. When you took the Stoddard machines out of the Philadelphia office to put in some of the drop-feed machines, you put in some fast machines?

Mr. BUSHNELL. One flier.

Mr. McCoy. One Hey-Dolphin flier?

Mr. BUSHNELL. Yes, sir, to take the place of the 11 machines.

Mr. McCoy. That effected the saving which you mentioned?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Did you also put in some Cummins pick-up tables at the same time, one or more of them?

Mr. BUSHNELL. Not at the same time.

Mr. McCoy. How soon after?

Mr. BUSHNELL. I do not know. I had nothing to do with the pick-up table, only in the matter of routine when I have been acting first assistant, or some matter that has gone over my desk.

Mr. McCoy. Now, did the Cummins Co. submit machines in pursuance of its bid of March 20 of four different grades?

Mr. BUSHNELL. No; only three different grades, as I recall it.

Mr. McCoy. Three different grades?

Mr. BUSHNELL. The No. 5, No. 7, and No. 11.

Mr. McCoy. And those cover which items in the specifications?

Mr. BUSHNELL. They submit a bid on their No. 5 for 150 machines.

Mr. McCoy. What kind of machine is that—automatic high-grade?

Mr. BUSHNELL. That is the high-grade machine.

Mr. McCoy. And then they submit what else?

Mr. BUSHNELL. No. 7, which is also a high-grade machine, at a different price.

Mr. McCoy. Then under item 2 what do they submit?

Mr. BUSHNELL. The No. 7 for 325 and the No. 11 also at a different price.

Mr. McCoy. You mean for 325 machines?

Mr. BUSHNELL. Three hundred and twenty-five machines.

Mr. McCoy. Then they submit their No. 11 for the nonautomatic specification?

Mr. BUSHNELL. Yes.

Mr. McCoy. And they submit their No. 9 and No. 11 for their hand power?

Mr. BUSHNELL. That would be four. I overlooked the No. 9 because that machine I have never seen since it was tried out here in the Washington office, and I do not think the company has ever done anything with it. I do not remember, however, whether we saw that machine in Chicago or not—the No. 9.

Mr. McCoy. When was the No. 9 tried out in the Washington office?

Mr. BUSHNELL. In January.

Mr. McCoy. Was it part of the test of machines under the October bidding?

Mr. BUSHNELL. It was one of the machines that they sent here.

Mr. McCoy. Have you any report on that?

Mr. BUSHNELL. I have none here because it was not one of the machines that was subsequently considered. It was a hand machine.

Mr. McCoy. But you tested it with reference to the October 31 bidding?

Mr. BUSHNELL. Oh, yes; the same as we tested all of them here, just for preliminary information. I have no record of that test because, as I say, we did not—

Mr. McCoy (interposing). What machine did the B. F. Cummins Co. submit as the machine which it was proposed to furnish under the October 31 bidding besides the No. 9?

Mr. BUSHNELL. The No. 5 and No. 7 were both here in Washington.

Mr. McCoy. When was that?

Mr. BUSHNELL. In January.

Mr. McCoy. Were they tested in January?

Mr. BUSHNELL. Yes.

Mr. McCoy. By the committee?

Mr. BUSHNELL. Yes.

Mr. McCoy. And are the reports which you have in your hand there the reports of the January test?

Mr. BUSHNELL. Yes.

Mr. McCoy. Were there any subsequent tests before March 20; that is, between that time and March 20?

Mr. BUSHNELL. Yes; they were tested in Chicago.

Mr. McCoy. When was that?

Mr. BUSHNELL. That was in May.

Mr. McCoy. What year?

Mr. BUSHNELL. 1912.

Mr. McCoy. Have you any report of the May test?

Mr. BUSHNELL. I do not seem to have any with me.

Mr. McCoy. Well, are they in that little book you just had in your hand?

Mr. BUSHNELL. No, sir.

Mr. McCoy. What did you refer to that for?

Mr. BUSHNELL. That was my travel account. I referred to it to get the date that I was in Chicago.

Mr. McCoy. Had you ever seen any of these Cummins machines prior to January, 1912?

Mr. BUSHNELL. No, sir.

Mr. McCoy. When did you first hear that the Time Marking Machine Co. and the B. F. Cummins Co. were different concerns?

Mr. BUSHNELL. I do not know when I first heard of that.

Mr. McCoy. Did you notice when the bids of October 31 were opened that the Time Marking Machine Co. had not put in any bid?

Mr. BUSHNELL. I presume that I noticed it, but I do not know that I gave it any significance.

Mr. McCoy. What machine did you suppose——

Mr. BUSHNELL (continuing). As a matter of fact, I did not know that there was any difference between the Time Marking Machine Co. and the B. F. Cummins Co. at that time.

Mr. McCoy. What machine did you suppose the B. F. Cummins Co. was bidding on for its automatic high-grade canceling machine, capacity 500 letters a minute, in the bid of October 31?

Mr. BUSHNELL. That is what I sent to Chicago for, to have them send a machine here. I did not know what they were bidding on.

Mr. McCoy. And did they send one?

Mr. BUSHNELL. Yes.

Mr. McCoy. They sent their No. 5?

Mr. BUSHNELL. Nos. 5, 7, and 9.

Mr. McCoy. You did not suppose that they were going to use the machine of the Time Marking Machine Co. known as the "Cummins"?

Mr. BUSHNELL. I do not know that I gave it a thought. I did not know at the time.

Mr. McCoy. What took place after the bids of March 20 were opened, in the operations of the committee?

Mr. BUSHNELL. The first thing that was done was to get authority from the Postmaster General for the committee to visit Boston, New York, and Chicago in order to make appropriate tests of different machines.

Mr. McCoy. Was that after March 20?

Mr. BUSHNELL. Yes; April 5.

Mr. McCoy. Had any official tests been made at that time of these machines—the Cummins machines?

Mr. BUSHNELL. None except what the committee had made at the Washington office in January.

Mr. McCoy. Was an official test made of the No. 11 Cummins machine in January, 1912?

Mr. BUSHNELL. I would have to have it here—that is, I have stated that I do not recollect that we had that machine here at all.

Mr. McCoy. The No. 11?

Mr. BUSHNELL. The No. 11. The only machines that we had here were the Nos. 5, 7, and 9.

Mr. McCoy. When was the first official test made of the No. 11?

Mr. BUSHNELL. When we were there in May.

Mr. McCoy. In May?

Mr. BUSHNELL. 1912.

Mr. McCoy. Have you any report of that test?

Mr. BUSHNELL. I have none here.

Mr. McCoy. Was one ever made?

Mr. BUSHNELL. Surely; we made the same tests——

Mr. McCoy (interposing). No, no; was there any report ever made?

Mr. BUSHNELL. Why, no. It was the committee's test. We made no reports except the reports to the Postmaster General on August 31.

Mr. McCoy. Who went out there to see that?

Mr. BUSHNELL. The whole committee.

Mr. McCoy. Did each member of the committee make memoranda of the test?

Mr. BUSHNELL. I do not think each member did. Mr. Andrus kept track of that.

Mr. McCoy. Did Mr. Andrus put it down on paper?

Mr. BUSHNELL. He kept it in a book in his pocket.

Mr. McCoy. Have you that book, Mr. Andrus?

Mr. ANDRUS. Yes, sir.

Mr. McCoy. Have you got it with you?

Mr. ANDRUS (producing booklet). It is not very much to look at.

Mr. McCoy. Was there any compilation made from your memoranda at any time?

Mr. ANDRUS. No, sir; it did not go any further than just to write it down in this book [handing book to Mr. McCoy].

Mr. BUSHNELL. All the members of the committee were in Chicago except Mr. Robertson, who was out in the West on a depredation case and could not be with us. He got to Chicago the day that we left there.

Mr. McCoy. This book that Mr. Andrus hands me is under date of April 25, 1912, the report on the No. 11 machine. Which date is right, yours or his?

Mr. BUSHNELL (after examining his travel account book). That is probably right. April what date?

Mr. McCoy. Twenty-fifth.

Mr. BUSHNELL. That is right. I was looking at the wrong account. If I stated that I was in Chicago in May it was an error. We were there from April 24 to 27, inclusive.

Mr. BRITT. Then you wish your statement of the time to be changed from May to April?

Mr. BUSHNELL. Yes. I was simply refreshing my mind from a little book.

Mr. McCoy. That is, the official test which you thought was made May 12, 1912, seems to have been made April 25?

Mr. BUSHNELL. Yes; I was in Chicago on May 12, and that is the way I happened to get the other date.

Mr. McCoy. Now, what other official test, if any, was made between April 25 and June 15 of this No. 11 machine?

Mr. BUSHNELL. There were no tests made by the committee, and I do not know of any tests unless it is the one referred to in here [indicating].

Dr. GRANDFIELD. Page 163.

Mr. McCoy. What is your answer?

Mr. BUSHNELL. I do not know of any that had been made.

Mr. McCoy. Between the 25th of April and the 15th of June, 1912?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Never heard of any other test, did you, between those dates, as having been made between those dates?

Mr. BUSHNELL. Not that I recall.

Mr. McCoy. Can't you make that a little more positive, Mr. Bushnell?

Mr. BUSHNELL. I am trying to refresh my memory about it.

Mr. McCoy. I do not know of any. I just wonder whether you do or not.

Mr. BUSHNELL. I have no knowledge now of any test that was made between those two dates.

Mr. McCoy. Well, did you ever have any knowledge of it?

Mr. BUSHNELL. I had knowledge from time to time that the machine was being used in the Chicago office.

Mr. McCoy. Between the 25th of April and the 15th of June?

Mr. BUSHNELL. Yes, sir; because I went through Chicago on my way to Denver in May. On May 12 I was there and I saw the machine in operation then.

Mr. McCoy. Did you take down notes?

Mr. BUSHNELL. It was no official test. I was there again.

Mr. McCoy. A second time?

Mr. BUSHNELL. Yes, sir; I was there later——

Mr. McCoy. When was that?

Mr. BUSHNELL (continuing). And saw the machine.

Mr. McCoy. When was that?

Mr. BUSHNELL. I think that was about the 18th of May.

Mr. McCoy. And when again, if at all?

Mr. BUSHNELL. I was there again in September.

Mr. McCoy. No, no; that is after June 15.

Mr. BUSHNELL. Then those are the only two dates that I can establish.

Mr. McCoy. Was the machine doing just as good work between those two dates?

Mr. BUSHNELL. They reported to me in the Chicago office that it was doing excellent work.

Mr. McCoy. Did you see them work?

Mr. BUSHNELL. Surely.

McCoy. And did they seem to be doing just as good work as they were doing on April 25?

Mr. BUSHNELL. The machine was doing fine work, just what it was doing on April 25.

Mr. McCoy. Well, did it seem to be doing any better work than it did on April 25 when you saw it?

Mr. BUSHNELL. Yes. I remember one particular feature of it. They had strengthened the letter trip that moves the postmarking die, which seemed to improve the machine.

Mr. McCoy. It made a better impression?

Mr. BUSHNELL. Yes. They had also changed the operation of the motor, and by using a friction drive pulley instead of a belt—

Mr. McCoy (interposing). In other words, they have been experimenting a little further with the machine?

Mr. BUSHNELL. Yes, sir, toward improving it.

Mr. McCoy. Now, how about the question of speed of cancelation? Did it seem to be doing about the same sort of work?

Mr. BUSHNELL. Canceling something over 400 pieces a minute. I watched it for an hour or more on one of those occasions and examined the work it was doing. I made no note of the results because I was not there for that purpose officially, but I was simply interested in the whole thing.

Mr. McCoy. It had a counting device on it, had it not?

Mr. BUSHNELL. I think so.

Mr. McCoy. Don't you know?

Mr. BUSHNELL. I am not sure whether it had one on it at that time.

Mr. McCoy. Did it on April 25 have one?

Mr. BUSHNELL. All of these machines are so constructed—

Mr. McCoy (interposing). Can't you answer that question?

Mr. BUSHNELL. I am trying to explain.

Mr. McCoy. It is not a question that requires explanation. Did it have one on April 25?

Mr. BRITT. Answer the question affirmatively if you can and then give your explanation.

Mr. BUSHNELL. My answer is that I do not know whether it had one on it or not. My explanation is this: That both that machine and the Nos. 5 and 7 are so built that a counter can be put on in 5 minutes. It can be taken from one machine and put on the other. Now, I am not prepared to state whether on that date they had the counter on that particular machine.

Mr. McCoy. I am sorry you encumbered the record with that explanation. I am not interested in that at all, Mr. Andrus, Did the machine have a counting device on it on the 25th of April when you made that report?

Mr. BUSHNELL. I think the report—

Mr. McCoy (interposing). In this book are the figures 2,637,791 and under that the figures 2,634,212, and you make a subtraction showing 3,579 to be the difference.

Mr. BUSHNELL. Then it did have a counter on it?

Mr. McCoy. Oh, sure.

Mr. BUSHNELL. That book is better than my memory.

Mr. McCoy. But this book was not there in May. Now, do I understand that on both of these visits in May you stood there and watched the machine for an hour?

Mr. BUSHNELL. I watched it for some time.

Mr. McCoy. Well, did you watch it on each occasion for as much as a half hour?

Mr. BUSHNELL. More than that, I am sure.

Mr. McCoy. And you think it was doing something over 400 a minute?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. It did not occur to you to look to see whether it had a counting device on it and give it a real test under your observation for a half hour or so?

Mr. BUSHNELL. I did not think it was necessary.

Mr. McCoy. Why not?

Mr. BUSHNELL. I was not there for that purpose.

Mr. McCoy. You were there to satisfy your curiosity?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Then you had never used what you saw there as a basis for reaching a conclusion on this No. 11 machine?

Mr. BUSHNELL. No; simply to confirm my judgment; that would be all.

Mr. McCoy. To confirm the judgment which you had formed when?

Mr. BUSHNELL. To confirm my judgment on the merits of these machines.

Mr. McCoy. That is, you went there on these two occasions in May to confirm your judgment previously formed. Is that right?

Mr. BUSHNELL. Not at all; to see what the machine was doing.

Mr. McCoy. What was it you said about confirming your judgment?

Mr. BUSHNELL. The—

Mr. McCoy (interposing). Now, what did you say?

Mr. BUSHNELL. The—

Mr. McCoy (interposing). Now, I do not want any explanation. I want to know what you did to confirm your judgment.

Mr. BUSHNELL. The judgment formed when the committee was there that the machine was doing good work.

Mr. McCoy. That is exactly what I wanted you to say. That is the right answer. Now, your judgment formed on April 25, 1912, when the committee was there and when Mr. Andrus took down these figures was a judgment in regard to the speed of the machine?

Mr. BUSHNELL. Yes, sir; the result of the tests.

Mr. McCoy. As he took them down?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Now, we have April 25 and we have your two visits in May, between the 20th of March and the 15th of June. Was there anything else between those dates that you observed about the No. 11 Cummins by looking at it?

Mr. BUSHNELL. Those are the only dates that I saw it.

Mr. McCoy. Was there anything else between those dates that you heard about the machine?

Mr. BUSHNELL. I think I heard from the officials of the Chicago office that the machine was doing good work there.

Mr. McCoy. Did you hear that at any time except on those two visits in May? That is to say, did you hear it at any time between the 20th of March and the 15th of June except on those two occasions when you were there?

Mr. BUSHNELL. I do not recollect.

Mr. McCoy. Is there anything in the files of the department in the nature of a report as to the operation of the No. 11 Cummins as operated between the 25th of April and the 15th of June in this book of Mr. Andrus, which I hold in my hand?

Mr. BUSHNELL. I think not.

Mr. McCoy. Do you know whether any other member of the canceling-machine committee had any information except as a result of their observation on the 25th of April, refreshed, if you please, by the memorandum which Mr. Andrus made there?

Mr. BUSHNELL. I do not know. Mr. Andrus was in Chicago a week later, but whether he saw the machines in the same way that I did I do not know.

Mr. McCoy. Did you see the machines a week later, Mr. Andrus?

Mr. ANDRUS. I was there again, but I do not know just what the date was.

Mr. McCoy. Did you make any memorandum at any time of the operations of the machine except in this book, which I hold in my hand now?

Mr. ANDRUS. No; I do not believe I did.

Mr. McCoy. Did you make any report to any member of the committee after your visit subsequent to April 25 as to what you saw there?

Mr. ANDRUS. A verbal report.

Mr. McCoy. Just what you saw by looking at the machines?

Mr. ANDRUS. Yes, sir.

Mr. McCoy. Do you know whether any other member of the committee was there in Chicago—any one other than yourself and Mr. Andrus—after the 25th of April and up to the 15th of June?

Mr. BUSHNELL. I do not think so.

Mr. McCoy. And you have no recollection of the committee having before it any written report on this machine of its operations between April 25 and June 15 except this report in the book which Mr. Andrus has given me?

Mr. BUSHNELL. Nothing that I know of.

Mr. McCoy. Did you, between April 25 and June 15, 1912, have any conference with Dr. Grandfield in regard to this No. 11 model of the Cummins machine?

Mr. BUSHNELL. Yes; I think I did on the advisability of using what small balance we had available for the purchase of a few machines which were badly needed in the service.

Mr. McCoy. When did you discover this need referred to here?

Mr. BUSHNELL. A couple of years ago.

Mr. McCoy. And you have just waked up to the fact that you could supply it?

Mr. BUSHNELL. The annual rate of expenditure for rented machines has been for several years very close to the danger line—

Mr. McCoy (interposing). I have not said anything about rented machines.

Mr. BUSHNELL. I know, but—

Mr. McCoy. Well, for the Lord's sake, don't take so long answering. Did you have any conference between April 25 and June 15 with Dr. Grandfield about this No. 11 Cummins machine?

Mr. BRITT. He said he did.

Mr. BUSHNELL. I said I did.

Mr. McCoy. When was that?

Mr. BUSHNELL. Probably sometime in the early part of June, when we found that we would have a small unexpended balance at the end of the year.

Mr. McCoy. Can't you fix the date of it any better than that?

Mr. BUSHNELL. I do not see how I can.

Mr. McCoy. When did you return—did I ask you this question before?—when did you return from Chicago after April 25?

Mr. BUSHNELL. The 19th of May.

Mr. McCoy. You had been away from Washington all the time during that interval?

Mr. BUSHNELL. No; you asked me what date I returned to Washington from Chicago. I went on May 11 and returned on May 19. [After a pause.] No, I beg your pardon; I am wrong; I am looking at another account.

Mr. McCoy. You were in Chicago April 25?

Mr. BUSHNELL. Yes.

Mr. McCoy. When after that did you first return from that trip?

Mr. BUSHNELL. On the 28th of April.

Mr. McCoy. And how long then did you remain in Washington?

Mr. BUSHNELL. Until the 11th of May.

Mr. McCoy. Now, can you recollect whether, between those two last-mentioned dates, you had a conference with Dr. Grandfield, or a conversation, or anything in the nature of an interview, in relation to this new No. 11 machine?

Mr. BUSHNELL. I am quite sure I had not, because the question of purchase had not come up.

Mr. McCoy. Had not come up where?

Mr. BUSHNELL. Had not been discussed, because we could not tell at that time how much of our appropriation would be saved to use for that purpose. We can not tell that until during the month of June. Of course we do not know what the annual rate of expenditure for the rental of machines will be. That is what determines the balance that is going to be available at the end of the fiscal year; also the amount that we are likely to use for electric power, etc. I came from Chicago on the 28th of April and left again on May 11 for Denver, and I did not return from Denver until the 19th of May.

Mr. McCoy. Were you away from May 19 to June 15?

Mr. BUSHNELL. Not on any official trip. I do not recall whether I was away during that time or not. These dates that I am referring to are only dates covered by official trips.

Mr. McCoy. What is your best recollection as to the first time when you took up with Dr. Grandfield any discussion in regard to the Cummins No. 11 machine subsequent to April 25, 1912?

Mr. BUSHNELL. I should say it was along in the first week of June, but I am only guessing at it.

Mr. McCoy. Have you any way of determining whether you had talks with him off and on during that period as to your visit to Chicago, and what you saw there?

Mr. BUSHNELL. No; I have no way of determining that.

Mr. McCoy. You have not any vague recollection of such having been the case?

Mr. BUSHNELL. Oh, I have already said that I conferred with Dr. Grandfield on this subject from time to time, but on what dates and what was the particular nature of the subject, I do not know just now.

Mr. McCoy. I call your attention to Exhibit VV, at page 139, Mr. Bushnell, being a letter from Dr. Grandfield to Mr. B. F. Cummins, marked "Personal," which reads as follows:

Your letter of the 27th instant regarding No. 11 canceling machine has been received. I trust the committee will see its way clear to make a prompt report and that the department will be able to arrive at a conclusion regarding the advisability of purchasing the machines. I will take the matter up with the chairman of the committee at the first opportunity.

That is dated April 29, 1912. Now, look back at Exhibit UU, on page 137, being a letter from B. F. Cummins to C. P. Grandfield under date of April 27, 1912, and you will see that that says:

Our Mr. Hinman, when he was in Washington a couple of weeks ago, discussed at some length, I think, with you the question of our supplying 50 or 60 No. 11 motor-operated canceling machines.

Now, go back to Exhibit VV. Does that bring back anything with regard to your having talked with Dr. Grandfield about the No. 11 Cummins machines?

Mr. BUSHNELL. It does not establish any specific conversation but it would indicate that he had very likely brought it to my attention.

Mr. McCoy. At or about the time you returned?

Mr. BUSHNELL. Yes.

Mr. McCoy. Have you now any recollection that he did bring it to your attention?

Mr. BUSHNELL. I can not recollect just when it was brought to my attention but I presume it was about that time.

Mr. McCoy. Was the original or a copy of Exhibit VV ever brought to your attention——

Dr. GRANDFIELD (interposing). You will find, Mr. McCoy——

Mr. McCoy (interposing). Now, Dr. Grandfield, keep out, please.

Mr. BUSHNELL. Why, Dr. Grandfield's letter would not necessarily be brought to my attention.

Mr. McCoy. I did not say necessarily. Did it as a matter of fact?

Mr. BUSHNELL. Why, no; I do not recall that that letter was ever brought to my attention.

Mr. McCoy. Now, I show you the copy which was used as an exhibit and call your attention to the words "Mr. Bushnell" in the upper right-hand corner, as he testifies. Now, is your recollection refreshed?

Mr. BUSHNELL [after examining exhibit]. Why, sure; this establishes the fact. I did not recollect it.

Mr. McCoy. Now that the fact is established, do you recollect having any talk with Dr. Grandfield about the matter?

Mr. BUSHNELL. I recollect that the matter was discussed in the way that I suggested before: That it would be a good business proposition for the Government to purchase such number of machines as our balance would permit, because they were greatly needed in the service—small machines.

Mr. McCoy. Did that suggestion originate with you or did it come along with Exhibit VV?

Mr. BUSHNELL. I do not think it originated with me because I do not think I had thought at that time of the question of purchasing machines, but Dr. Grandfield and I, as I stated, talked about the matter, evidently, at that time.

Mr. McCoy. Have you any recollection now of ever having seen Exhibit UU, which is at page 137?

Mr. BUSHNELL. Why, as the two seem to connect, I presume that I did see it.

Mr. McCoy. But you can not recollect now whether you saw Exhibits UU and VV promptly after your return from Chicago, after you had been there on the 25th?

Mr. BUSHNELL. No, I can not; there is nothing on this to indicate when I saw it; and there are many days when Dr. Grandfield is so busy that I do not get a chance to confer with him on any matter.

Mr. McCoy. But this was an emergency matter, was it?

Mr. BUSHNELL. In the nature of an emergency, but it was not a matter that was taken up by the committee until some time in June, I am quite sure.

Mr. McCoy. When it was taken up by the committee, did the committee have before it Exhibits UU and VV?

Mr. BUSHNELL. If I had that paper, they had it before them.

Mr. McCoy. But can't you remember?

Mr. BUSHNELL. I can not remember all the papers I had with me at that time or any meeting of the committee.

Mr. McCoy. Did you state to the committee when you brought it to their attention that there was an emergency existing and that there was need to get these machines right out of the appropriation?

Mr. BUSHNELL. Probably not in that way.

Mr. McCoy. Probably in what way did you bring it up?

Mr. BUSHNELL. There was not an emergency about it in that sense.

Mr. McCoy. There seemed to be a hurry about it.

Mr. BUSHNELL. No; only in so far as getting the matter settled before the end of the fiscal year.

Mr. McCoy. I thought the demand of the service was urgent?

Mr. BUSHNELL. The demand of the service is always great, and we have not always money enough to supply it. That is the purpose in getting bids on a four-year contract, in order to get machines at prices which would extend them in the service. There are a hundred Federal buildings today that have not enough canceling machines.

Mr. McCoy. I want to call your attention, Mr. Britt, to an error which occurs at page 139 of this record. I am asking questions of Dr. Grandfield about Exhibit VV and I say:

Mr. McCoy. You might note that in lead pencil on this Exhibit VV is "A.H." Is that your initial?

What I undoubtedly said was "G-H." Perhaps it was my fault, because Dr. Grandfield did not answer the question as I know he would have answered it, and I undoubtedly asked him about Mr. Bushnell's name in the upper right-hand corner, as he indicates in his subsequent answer:

Dr. GRANDFIELD. No, that is Mr. Bushnell's. It is in my own handwriting.

Dr. GRANDFIELD. I thought you were not able to decipher it at the time.

Mr. McCoy. But I just want to get it straightened out on the record because as it now stands it means nothing. I have no doubt that I asked you whether—well, I don't know what I did ask you, but the initials are "G-H" and the words "Mr. Bushnell" are

written in the upper right-hand corner in Dr. Grandfield's handwriting.

I am going to read from this book which Mr. Andrus handed to me. Well, it is short; I guess I will read it all.

At the stenographer's suggestion the following table was copied in:

APRIL 25, 1912.

Cummins No. 11, power driven $\frac{1}{10}$:

1. Speed of motor, 11.50 disc, 180 h. p. m.

Diameter of disc, $7\frac{1}{4}$ inches.

Snap switch on machine.

Kind, short mixed..... 2637791

Time, 9 minutes..... 2634212

O. K..... 3572..... 3572

S. K..... 47

Total..... 3619 Average, 402.

2. Short mixed..... 2644283

Time, 10 minutes..... 2640200

O. K..... 4083..... 4083

S. K..... 61

Total..... 4144 Average, 414.

3. Short mixed..... 2648860

Time, 8 minutes..... 2645500

O. K..... 3360..... 3360

S. K..... 19

Total..... 3379

4. Short mixed..... 2651030

Time, 5 minutes..... 2649000

O. K..... 2030..... 2030

S. K..... 24

Total..... 2054

Thereupon, at 6.20 p. m., the subcommittee took a recess until 8 p. m.

SUBCOMMITTEE OF COMMITTEE ON EXPENDITURES

IN THE POST OFFICE DEPARTMENT,

HOUSE OF REPRESENTATIVES,

January 4, 1913.

AFTER RECESS.

The subcommittee met at 8 o'clock p. m., pursuant to adjournment.

Mr. McCoy. I find in this book of Mr. Andrus a memorandum of the test of No. 11 Cummins machine, under date of April 24, 1912, which I didn't see when I was looking at the other tests in there, and I will have that put in the record right now. (The memorandum follows):

APRIL 24, 1912.

1. Cummins, No. 11, hand time:

Time, 1 minute.

Kind, short mixed..... 2571503

Total..... 406..... 2571103

Skip..... 6..... 400

O. K..... 400

2. Time, 1 minute.....	2571932
Total..... 334.....	2571600
Skip..... 2.....	332
O. K..... 332	
3. Short mixed.....	2572312
Time.....	2571933
Total..... 381.....	379
Skip..... 2	
O. K..... 379	
4. Short mixed.	
Time, 1 minute.....	2573159
Total..... 454.....	2572702
Skip..... 6.....	448
O. K..... 448	

TESTIMONY OF MR. ELIPHALET T. BUSHNELL.

Mr. McCoy. What did the canceling machine committee do in reference to the bids of March 20, 1912, between June 15 and August 31?

Mr. BUSHNELL. I think I made the statement this afternoon, Mr. McCoy, that we probably drafted our report about the middle of June, but I was mistaken about that, as I recollect now that it was considerably later than that; it was probably late in July, because it was after the machine of Mr. Ielfield had been tested, which was some time in July, and it was, I remember now, after the report of June 15 on the question of purchase had been made; so that I am satisfied now that it was late in July.

Mr. McCoy. Where is the draft that you refer to?

Mr. BUSHNELL. The report of August 31?

Mr. BRITT. That report has been put in the record now, Mr. McCoy, but it is not yet printed.

Mr. McCoy. Yes; that is in the record. The report of August 31 was the only report that you drafted?

Mr. BUSHNELL. Except the one relating to the 55 machines.

Mr. McCoy. How many drafts of the report which became your final report, or which were preliminary to your final report, were made after June 15, when you reported on the purchase of the 55 machines?

Mr. BUSHNELL. Not over one draft of the report. Of course we made corrections as we conferred in committee until we whipped it into shape.

Mr. McCoy. Well, have you any memoranda of what you conferred about in the committee?

Mr. BUSHNELL. Why, I have not those rough papers now; we simply—

Mr. McCoy. Who did the actual work of preparing the report?

Mr. BUSHNELL. I did most of it.

Mr. McCoy. You used a stenographer?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. How many times did you dictate to your stenographer material to go into a report on this matter?

Mr. BUSHNELL. Probably several different times, different parts of it. It was a long report, and I dictated it by piecemeal.

Mr. McCoy. The different parts that you dictated from time to time, did you take those before the committee and confer about them?

Mr. BUSHNELL. Certainly.

Mr. McCoy. And were any changes made in them?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Substantial?

Mr. BUSHNELL. Changes were made from time to time. I don't remember the precise language of them now.

Mr. McCoy. Where are the piecemeal reports, if you want to call them that, which you dictated from time to time to the stenographer and which you took to the committee?

Mr. BUSHNELL. I don't know.

Mr. McCoy. You don't know what you did with them?

Mr. BUSHNELL. I presume I threw them away after finally putting the report in shape; I had no further use for them.

Mr. McCoy. Well, in the report as finally agreed upon by the committee—the shape in which it appears under date of August 31—are there any things which are substantially different from what you had dictated to your stenographer?

Mr. BUSHNELL. I don't think so.

Mr. McCoy. In other words, what you dictated as a report was satisfactory to the other members of the committee—substantially so?

Mr. BUSHNELL. Having been agreed upon by the members of the committee at our different meetings as to the number of machines that we would recommend, and whether or not an exclusive contract would be awarded. All those points were discussed and agreed upon and the report drafted in accordance therewith.

Mr. McCoy. Oh, I see; what you dictated to your stenographer was, then, substantially what had previously been agreed upon in committee?

Mr. BUSHNELL. Certainly.

Mr. McCoy. Have you any memoranda of the things that were agreed upon in the committee at these conferences before you undertook your dictation?

Mr. BUSHNELL. I don't think I have them now; I don't know where they are if I have.

Mr. McCoy. What did the members of the committee have before them at the time they were conferring about the final draft of the report?

Mr. BUSHNELL. We had tentative drafts of the number of machines that we thought it would be advisable to recommend for purchase.

Mr. McCoy. Did you have before you these various reports that have been made on the results of tests of these machines?

Mr. BUSHNELL. All the members of the committee understood the tests, etc., of the machines. They were all present when the tests were made.

Mr. McCoy. Oh, no, Mr. Bushnell, they were not present when all these various tests were made.

Mr. BUSHNELL. I had all of those papers, then.

Mr. McCoy. Well, why don't you say so; that is what I was asking you—what you had before you; and then they had their personal observation of such machines as they did observe.

Mr. BUSHNELL. Surely we had.

Mr. McCoy. Anything else at all?

Mr. BUSHNELL. We had all the papers relating to the case.

Mr. McCoy. Did you state to any of the members of the committee at any of those conferences what Dr. Grandfield's views were in regard to the matter?

Mr. BUSHNELL. I don't think so.

Mr. McCoy. You don't know?

Mr. BUSHNELL. I can not conceive of my doing so, as it was not a matter that Dr. Grandfield would settle; it depended on the recommendation of the committee.

Mr. McCoy. I didn't say he would settle it; I didn't intimate that he would have to settle it. I suppose, of course, that the Postmaster General would depend on the committee's final recommendation. But did you state to the canceling-machine committee that Dr. Grandfield believed so and so, and so and so, about any point in connection with the subject?

Mr. BUSHNELL. I have no recollection of making any such statement whatever.

Mr. McCoy. You had numerous conferences with Dr. Grandfield, did you, during that time?

Mr. BUSHNELL. Yes.

Mr. McCoy. Now, what did the committee have before it when they decided to recommend the purchase of 55 No. 11 machines in June—anything more than you have testified to to-day?

Mr. BUSHNELL. I presume that we had those letters that were referred to me.

Mr. McCoy. You mean the letters from Mr. Cummins?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Well, did any member of the committee make any comment on that situation?

Mr. BUSHNELL. I don't recall that they did.

Mr. McCoy. Well, what did they do; just take what Mr. Cummins handed out to them as suggestions?

Mr. BUSHNELL. No; certainly not.

Mr. McCoy. Well, was it done without any comment from anybody?

Mr. BUSHNELL. You mean the recommendation as to the purchase of the machines? I don't quite understand you.

Mr. McCoy. Yes, the recommendation as to the purchase of the 55 hand-power machines; didn't the committee have their conferences about that?

Mr. BUSHNELL. Surely.

Mr. McCoy. Well, what was talked about at those conferences?

Mr. BUSHNELL. The question was discussed as to the advisability of buying as many machines as the available balance would permit.

Mr. McCoy. Simply a question of using up what was left of the appropriation?

Mr. BUSHNELL. Certainly.

Mr. McCoy. Get my question, so you can be sure. Read the question, Mr. Stenographer.

The stenographer read the preceding question.

Mr. McCoy. Was that what was discussed before the committee—just the question of using up this balance? Notice that word “simply.”

Mr. BUSHNELL. No; it didn't have to be used up.

Mr. McCoy. It didn't? Oh, I thought it did.

Mr. BUSHNELL. Why, no.

Mr. McCoy. Could you carry it over into the next year?

Mr. BUSHNELL. No; it would go back into the Treasury.

Mr. McCoy. And get out of the hands of the Post Office Department, wouldn't it?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. And it would not be available for buying machines after the 1st of July?

Mr. BUSHNELL. No; but considering the need for the machines in the service, it was deemed an excellent proposition to buy as many as we could.

Mr. McCoy. Did you talk about buying any other kind of machine?

Mr. BUSHNELL. The proposition, of course, was to buy the cheapest machines we could buy in order to—

Mr. McCoy (interrupting). How did you know that was the cheapest machine you could buy?

Mr. BUSHNELL (continuing). In order to make the money go as far as possible.

Mr. McCoy. But how did you know that was the cheapest machine?

Mr. BUSHNELL. By the bids.

Mr. McCoy. By what bids?

Mr. BUSHNELL. The bids of March 20.

Mr. McCoy. And those bids were on machines for immediate delivery, were they?

Mr. BUSHNELL. Those bids were for the rental and purchase of machines.

Mr. McCoy. For immediate delivery?

Mr. BUSHNELL. Not necessarily for immediate delivery; but the specifications called for prices for the purchase of machines, and the committee could have bought all the machines needed in the postal service under those bids.

Mr. McCoy. Well, now, this question was discussed, as to the need for these machines, frequently, was it not? The department needed these machines right away, did it not?

Mr. BUSHNELL. Yes.

Mr. McCoy. And was the question of the time in which the Cummins Co. could make delivery discussed?

Mr. BUSHNELL. I don't know that that particular feature was discussed.

Mr. McCoy. Well, that seems to be the most important feature of the whole thing, except to get rid of the money available. The fact that you had a little money which had to be spent before the 1st of July was one thing, and the other thing was the “crying need,” I believe you said this afternoon, of the department for these machines.

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Those two things were the controlling features of the situation, weren't they?

Mr. BUSHNELL. Yes.

Mr. McCoy. But now you don't know whether you discussed the question of time in which the Cummins Co. could make delivery or not?

Mr. BUSHNELL. I don't remember that particular feature.

Mr. McCoy. Well, what did the committee discuss?

Mr. BUSHNELL. They discussed the question of purchasing a limited number of machines.

Mr. McCoy. Certainly; that was one of the matters; but what particular phase of it was discussed? I would just like to know, largely to try and satisfy my curiosity as to what this committee did discuss. There were two features to this situation that controlled it. One was that there was some money left which the Post Office Department could spend, provided it spent it before the 1st of July, otherwise it went back into the Treasury. Then there was the need of the department for the machines, which you have testified to, a "crying need," I believe you characterized it in your statement this afternoon.

Mr. BUSHNELL. Yes, sir; there is always a need for them.

Mr. McCoy. Yes; you stated there was always a need for them, and you emphasized the fact. Now, will you tell me whether you discussed those two features.

Mr. BUSHNELL. Presumably.

Mr. McCoy. You don't remember whether you discussed them or not; is that your answer?

Mr. BUSHNELL. In the purchase of any article the matter of delivery is a reasonable time.

Mr. McCoy. Oh, don't say that; no, it is not a reasonable time.

Mr. BUSHNELL. Oh, yes.

Mr. McCoy. Now when the need is a "crying need" I don't think the question of delivery is within a reasonable time; it's a question of getting the machines as fast as you can. Let us not get off on that. What was the price of these machines?

Mr. BUSHNELL. \$184.

Mr. McCoy. So this purchase involved something over five or six thousand dollars, didn't it?

Mr. BUSHNELL. Yes; about nine thousand.

Mr. McCoy. Well, about nine thousand; my arithmetic is bad. In other words, it was quite a little sum of money. There was very little money left that you could make use of, that particular appropriation being almost exhausted. The two features, as I have said before, were that you had the money to spend, and you needed the machines—the demand for them was very great—and now, can you remember whether you discussed either of those two features?

Mr. BUSHNELL. It is quite likely that they were a part of the discussion.

Mr. McCoy. Well, what was the rest of it?

Mr. BUSHNELL. The question of price of the machines.

Mr. McCoy. Very well; that involved the amount of money that you had to spend.

Mr. BUSHNELL. Surely.

Mr. McCoy. All right; what was the rest of it?

Mr. BUSHNELL. The question of how many machines we could buy.

Mr. McCoy. Well, that was a question involved in how much money you had left, too. What else?

Mr. BUSHNELL. I don't know what other feature entered into the discussion.

Mr. McCoy. I do. The question of time for delivery; but you don't remember whether that was discussed or not, although that was a very important feature of it.

Mr. BUSHNELL. It would be a very fair presumption in a matter like that that delivery would be made as promptly as the machines could be built.

Mr. McCoy. Well, now, will you answer my question-- was that discussed?

Mr. BUSHNELL. I presume so.

Mr. McCoy. But you don't know?

Mr. BUSHNELL. I don't recall specifically at this late date.

Mr. McCoy. This is a late date to remember something that happened at that time, involving an emergency of a certain description.

Mr. BUSHNELL. It is six months, about.

Mr. McCoy. Do you remember what Mr. Cummins stated in his letter about the time in which he could make deliveries?

Mr. BUSHNELL. Not specifically; no.

Mr. McCoy. Well, then, take Exhibit UU, at page 137, and see what he said about it.

Mr. BUSHNELL. That letter was written in April, and I see in that letter that he expects to make deliveries about July 1. We didn't make our recommendation until June 15, more than two months-- about two months-- later. The question of delivering the machines in that case would hardly be possible.

Mr. McCoy. Didn't he indicate in that letter that it would take 60 days to deliver 55 machines?

Mr. BUSHNELL. Yes.

Mr. McCoy. You had that letter before you, didn't you--you and the committee?

Mr. BUSHNELL. Undoubtedly.

Mr. McCoy. You testified that you did, if I recollect. Did you have it before you?

Mr. BUSHNELL. We must have had it.

Mr. McCoy. What law of necessity was there that compelled you to have it before you?

Mr. BUSHNELL. That would be the natural inference.

Mr. McCoy. Well, what sort of law of nature was it that would have compelled you to have that before you?

Mr. BUSHNELL. The natural inference would be that inasmuch as there was a committee appointed to make recommendations with reference to canceling machines, that it had been turned over to us.

Mr. McCoy. But aside from that law of nature you have no recollection whether that letter was before the committee or not?

Mr. BUSHNELL. Well, I see now as I read the letter that I have no doubt but that it was before us.

Mr. McCoy. But you have no present recollection of whether it was or not?

Mr. BUSHNELL. Not having seen the letter for six months--

Mr. McCoy (interrupting). That doesn't answer my question. You can not say now whether that letter was before you?

Mr. BUSHNELL. I have said it undoubtedly was.

Mr. McCoy. But I am asking you for something more positive than that. You have no present recollection of whether or not the letter was before you, have you?

Mr. BUSHNELL. No.

Mr. McCoy. Did the question come up as to whether or not there might be some other manufacturer who could make a prompter delivery of machines than in 60 days?

Mr. BUSHNELL. No; that question didn't come up.

Mr. McCoy. That was a sort of question you didn't need to bother about?

Mr. BUSHNELL. We had the bids of March 20 which showed the prices of machines, and it would hardly be a good proposition to purchase a machine at \$250, for example, if we could get one for \$184.

Mr. McCoy. Surely; that would be a bad business proposition.

Mr. BUSHNELL. We had no information to that effect.

Mr. McCoy. Read the question again, Mr. Stenographer.

The stenographer read as follows:

Mr. McCoy. Did the question come up as to whether or not there might be some other manufacturer who could make a prompter delivery of machines than in 60 days?

Mr. BUSHNELL. No, sir; the question did not come up.

Mr. McCoy. So it might have been the fact, so far as the committee was concerned, that there was some other manufacturer who could have made immediate delivery of machines?

Mr. BUSHNELL. That might have been the case; yes, sir.

Mr. McCoy. That might have been the case?

Mr. BUSHNELL. Yes.

Mr. McCoy. And it might also have been the case that if some other manufacturer were told that the department wanted 55 machines of this general type for immediate delivery he would have said, under those circumstances, I will make you a different price from what I put in my bid?

Mr. BUSHNELL. Yes; but we could not entertain any such proposition as that without advertising all over again for new bids.

Mr. McCoy. But you had advertised for a four-year term, beginning on or about the 1st of July, 1913.

Mr. BUSHNELL. Yes; but, Mr. McCoy, suppose the committee had under that bid decided to purchase all machines for the service, we would have had to buy them before the first of July, 1913.

Mr. McCoy. How long before the 1st of July, 1913?

Mr. BUSHNELL. Some time before.

Mr. McCoy. Well, how long before?

Mr. BUSHNELL. If they had been new machines we might have had to buy them eight or nine months, or a year.

Mr. McCoy. You mean order them, not buy them. What time of delivery had to be made under that bid, in order to comply with the terms of the bid?

Mr. BUSHNELL. Why, July 1.

Mr. McCoy. Sure.

Mr. BUSHNELL. July 1; yes, sir; because the present contracts don't expire until July 1.

Mr. McCoy. Was it contemplated to change all machines in the service on the 1st of July?

Mr. BUSHNELL. Not necessarily; no, sir.

Mr. McCoy. Oh, I didn't say "necessarily." I asked you if it was contemplated to do it?

Mr. BUSHNELL. It depended entirely upon what contracts were made for new machines.

Mr. McCoy. Well, contracts were made for 1,875 new machines; was it contemplated that these 1,875 new machines should be put into the service on or before the 1st of July?

Mr. BUSHNELL. Well, if the new machines —

Mr. McCoy. If they were all new machines? But this was a bid on machines that were not all new. Take the situation as it is, under the bids.

Mr. BUSHNELL. The expense of maintenance is a proposition; a considerable number of machines would require adjustment.

Mr. McCoy. Sure; but that would take place from the 1st of July on, would it not?

Mr. BUSHNELL. Certainly, under the contracts beginning July 1, 1913, for the simple reason that the present contracts don't expire until that time.

Mr. McCoy. Now, Exhibit YY, at page 142, which is the report of your committee, under date of July 7, 1912, it is headed, "Special report of the purchase of small machines for immediate delivery." What did you mean by "immediate?"

Mr. BUSHNELL. That is, for delivery before July 1, or, rather for the contemplated purchase from the appropriation that would lapse on July 1.

Mr. BRITT. Of necessity payment would have been made before the end of the fiscal year, June 30?

Mr. BUSHNELL. Yes, sir. Immediate delivery in this case meant as soon as the machines could be built. It does not mean, necessarily, the next day.

Mr. McCoy. Now, I am glad to have that definition of the words "immediate delivery." What was the question Mr. Britt asked you, that the machines had to be paid for in June? Read the question, please.

The stenographer read the question by Mr. Britt preceding.

Mr. McCoy. You answered "Yes" to that question. Could that money which was available from that appropriation be held until the machines would be delivered after the 1st of July? Mr. Britt knows the law better than I do; but I was simply wondering whether you knew what you had answered.

Mr. BRITT. Mr. McCoy, my question was, "It must, of necessity, be paid out of the appropriation ending June 30?"

Mr. McCoy. Your question, Mr. Britt, was perfectly clear, although, perhaps, it was not what you meant to ask; you asked him if payment would not have to be made before the 1st of July, and he very readily answered "Yes," although your subsequent question discloses that it could be paid for after the 1st of July, but out of money which was available out of the appropriation ending with the fiscal year June 30.

Mr. BUSHNELL. The Comptroller of the Treasury has rendered decisions time after time that an executive department might purchase an article, or order an article, on the 30th day of June, although it would be physically impossible to deliver the article for six months, and that it could be paid for out of the appropriation for the fiscal year ending June 30.

Mr. McCoy. Quite so; I understand that these machines could be delivered long after the 1st of July, and paid for out of the appropriation for the year before, and I believe the department has followed the law and the rule in such matters. The point I noticed was that Mr. Britt asked you a question, a plain question, and you gave him a plain answer, "Yes."

Mr. BUSHNELL. I meant, of course, from the appropriation for that year.

Mr. McCoy. I only wish I could get as prompt an answer out of you as that.

What did you have in mind when you headed this report, Exhibit YY, page 142, "For immediate delivery?"

Mr. BUSHNELL. Delivery as soon as they could be built.

Mr. McCoy. That is, just as soon as Mr. Cummins got good and ready to make them. Wasn't that it?

Mr. BUSHNELL. That is your interpretation, not mine.

Mr. McCoy. Well, as soon as they could build them.

Mr. BUSHNELL. As soon as they could build them.

Mr. BRITT. Had he indicated any time in which he could build them?

Mr. BUSHNELL. He had indicated 60 days, I believe.

Mr. McCoy. Why didn't you say, then, "For delivery within 60 days?"

Mr. BUSHNELL. He might not be able to deliver them within 60 days.

Mr. McCoy. That's it exactly; he could take his own time. Although you knew that Mr. Cummins could not build the machines in less than 60 days—because he had said within 60 days—and although you knew of the exigency in the department always existing for machines, nevertheless, without any discussion as to whether or not some other manufacturer could have given you immediate delivery, and perhaps at a lower price, the committee did nothing to ascertain that fact, and submitted a report, headed "for immediate delivery," recommending the purchase of 55 Cummins machines.

Mr. BUSHNELL. Certainly, because no other bids approached that bid in price, and I still believe that no other bid could have been obtained without throwing out all these bids and readvertising, because the bids of March 20 called for prices at which the different companies would sell their machines—

Mr. McCoy (interrupting). Then it is your opinion that no other machines can be bought after the 1st day of July, 1913, after these awards are made, except such as are covered in that award?

Mr. BUSHNELL. If the Government needs a considerable number, or any number of additional machines, the machines that are not specifically covered by those awards could be readvertised for.

Mr. McCoy. And they could have been readvertised for in this case, could they not?

Mr. BUSHNELL. I don't understand it so.

Mr. McCoy. What makes you think so?

Mr. BUSHNELL. Because these bids were pending and no——

Mr. McCoy. Did you get any legal opinion about that?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Then why did you recommend so recently to the Postmaster General that he readvertise for machines, for bids on 100 machines, to be opened on December 20?

Mr. BUSHNELL. Because the awards that have been recently made did not cover the full number of machines needed in the postal service, and the purpose was to give a company which Congress had shut out from receiving any consideration a chance to submit a bid.

Mr. McCoy. Yes; but the opinion of the Attorney General was that could not be done until the other bid had been settled.

Mr. BUSHNELL. Until the other matter had been closed.

Mr. McCoy. Now, was that report of August 31, which was given in evidence as Exhibit 313, all prepared and signed by August 31, 1912?

Mr. BUSHNELL. No, sir; it was signed, I think, on that very day.

Mr. McCoy. That is my question. Read it again, Mr. Stenographer.

[Last question by Mr. McCoy read.]

Mr. BUSHNELL. The report was not signed until a few days after the 31st.

Mr. McCoy. How many days?

Mr. BUSHNELL. On the 8th of September I left Washington for Montana, and I signed the report—I probably signed it the day before. Mr. Merritt, as I recall it, was out of the city, or one or two of the members, and I signed the report and turned it over to Mr. Wood.

Mr. McCoy. Had it been signed by anybody before you signed it?

Mr. BUSHNELL. No.

Mr. McCoy. Why does it bear the date August 31?

Mr. BUSHNELL. Because it was ready for the members of the committee to sign it, but they were out of town, some of them. I think Mr. Wood was out of the city.

Mr. McCoy. What was the date when the last signature was put on it?

Mr. BUSHNELL. I don't know, because I was out of the city, and Mr. Wood obtained the signatures and turned it over to the chief clerk.

Mr. McCoy. Do you happen to remember the date, Mr.—— Does any member of the committee know on what date that report, Exhibit No. 313, was finally signed up?

Mr. BUSHNELL. The reason I connected that date was because of my travel account, which I happen to have a memorandum of, shows that I left Washington on September 8.

Mr. McCoy. When did you get back from Montana?

Mr. BUSHNELL. On the 27th of September.

Mr. McCoy. Had the report been signed by everybody at that time?

Mr. BUSHNELL. Oh, yes; and handed in to the chief clerk.

Mr. McCoy. Who is the chief clerk?

Mr. BUSHNELL. Mr. Thomson.

Mr. McCoy. He is the chief clerk of what?

Mr. BUSHNELL. Chief clerk of the Post Office Department.

Mr. McCoy. I don't understand these different officers. I haven't been going down there very much; I am a Democrat, but after the 4th of March I'll have a chance to get better acquainted.

Mr. BUSHNELL. He is the chief clerk in the office of the Postmaster General. The report was not signed by Mr. Robertson at all; I had overlooked that fact; Mr. Robertson is a post-office inspector and was unable to act as a member of the committee.

Mr. McCoy. I am not interested in that; the report shows he didn't sign it. I would like to know who signed it last, and when?

Mr. BUSHNELL. I don't know.

Mr. McCoy. But it was all signed up as early as September 27?

Mr. BUSHNELL. Oh, yes; I think it was signed up and that Mr. Wood handed it to Mr. Thomson just a day or two after I left the city, which would be September 9 or 10.

Mr. McCoy. Now explain again to me who Mr. Thomson is?

Mr. BUSHNELL. He is the chief clerk of the department, chief clerk of the Post Office Department.

Mr. McCoy. He is attached to whose particular private office, and what does he do?

Mr. BUSHNELL. The Postmaster General's Office.

Mr. McCoy. Don't come at me in that astonished tone of voice. He is the chief clerk in the Postmaster General's office, but what is Mr. Thomson supposed to do with these reports?

Mr. BUSHNELL. Mr. Thomson is the Postmaster General's chief clerk, and I suppose he would turn the reports over to the Postmaster General. I presume that is his duty.

Mr. McCoy. What was the duty of the committee?

Mr. BUSHNELL. To report to the Postmaster General.

Mr. McCoy. And they did that by turning their report over to Mr. Thomson?

Mr. BUSHNELL. Certainly.

Mr. McCoy. So you don't presume it was Mr. Thomson's duty; you know, because the report went to him, because it was his duty to receive it. Is that a fact?

Mr. BUSHNELL. In one sense, yes; but the regulations require that all matters that go into the office of the Postmaster General shall go through the chief clerk's office, and it is a matter of routine to send reports of this character to him.

Mr. McCoy. Sure; and it is his duty to turn it over to the Postmaster General, and you know that without any presumption about it; you know that to be the fact, and that is why it went to Mr. Thomson?

Mr. BUSHNELL. Yes.

Mr. McCoy. That is what I thought. Now, it was the duty of the committee to see that the Postmaster General got it, was it not?

Mr. BUSHNELL. I do not understand so. The committee had discharged its duty when it submitted its report to the Postmaster General's office.

Mr. McCoy. So it would be a matter of no further concern to the committee whether the Postmaster General ever saw it.

Mr. BUSHNELL. Not unless the Postmaster General wanted to consult with the committee. It was not my prerogative, certainly,

to suggest to the Postmaster General or ask him whether he had seen the report.

Mr. McCoy. Now, when was the next time you saw the report after you had signed it?

Mr. BUSHNELL. I don't think I ever saw it until the Postmaster General sent for me in December.

Mr. McCoy. And do you know where the report had been in the meanwhile?

Mr. BUSHNELL. I presume it was in his office.

Mr. McCoy. When?

Mr. BUSHNELL. In December.

Mr. McCoy. About what time in December?

Mr. BUSHNELL. December 5, I think.

Mr. McCoy. Did all the committee go to the Postmaster General's office on that day?

Mr. BUSHNELL. I think we were all present; yes, I think we were all present.

Mr. McCoy. And the object was to confer about the report, was it not?

Mr. BUSHNELL. He sent for us for that purpose.

Mr. McCoy. Was anything said about why the report had remained there without action for something over two months?

Mr. BUSHNELL. Not a word.

Mr. McCoy. Did the committee call the attention of the Postmaster General to the fact that there was need for getting this matter settled?

Mr. BUSHNELL. No.

Mr. McCoy. Did the Postmaster General read the report in the presence of the committee?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Did he say whether he had ever read it?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Do you know whether or not he ever read it?

Mr. BUSHNELL. I haven't the slightest idea.

Mr. McCoy. Do you know whether any member of the committee knows whether he read it or not?

Mr. BUSHNELL. I don't know.

Mr. McCoy. What took place at the conference?

Mr. BUSHNELL. The Postmaster General stated that the president of the International Postal Supply Co. had called on him the day before and had complained because he had not been given, as he said, proper treatment in the matter.

Mr. McCoy. This was at the first conference you had with the Postmaster General?

Mr. BUSHNELL. Yes, sir; at the first conference I had with the Postmaster General——

Mr. McCoy. Which was the first conference that the committee had with him, so far as you know?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. And you fixed the date of it——

Mr. BUSHNELL. December 5.

Mr. McCoy. December 5?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Go ahead, Mr. Bushnell. What else did the Postmaster General say?

Mr. BUSHNELL. He told us that Mr. Hodgskin had complained of not being able to get in a bid, and asked us if there was any way by which the International Postal Supply Company could be allowed to submit a supplemental bid.

Mr. McCoy. Now, do you say that the representative of the International Postal Supply Company, or Mr. Hodgskin, complained because he hadn't been able to bid owing to the act of Congress?

Mr. BUSHNELL. No; he complained that he had not been given, as I remember it, a fair show, as he expressed it.

Mr. McCoy. Well; who had failed to give him a fair show?

Mr. BUSHNELL. Well, that is what I don't think I am clear about. I told the Postmaster General that I didn't understand where he had had any unfair treatment. He had put in a bid that the law itself had excluded, because of that limitation that Congress had fixed, and the committee, in its report, had consequently recommended that his bid be not considered.

Mr. McCoy. Well, now, was the complaint of the representative of the International Company, which the Postmaster General repeated to you, to the effect that the committee had failed to recommend that he get any machines, because they had not been awarded a contract for any machines?

Mr. BUSHNELL. No; I don't think his complaint related to that; because at that time it was not known by him what the recommendations of the committee were.

Mr. McCoy. Well, what was it that Mr. Hodgskin said? Did he simply claim that they hadn't been given a square deal?

Mr. BUSHNELL. It was to that effect, I believe; I don't recall his exact terms.

Mr. McCoy. Well, now, did the Postmaster General say that the purpose of calling the committee before him on that date was to take up the complaint of this representative of the International Postal Supply Co.?

Mr. BUSHNELL. To see if there was not some way by which the International people could be given a chance to submit a supplemental bid. That was the purpose of the conference.

Mr. McCoy. At that meeting was the report itself discussed by any of those present?

Mr. BUSHNELL. Yes; the award which had been recommended was discussed, that part of it only.

Mr. McCoy. And that relates to the complaint which was being made by the International company.

Mr. BUSHNELL. As to whether or not there was any way to permit the International Postal Supply Company to submit a supplemental bid.

Mr. McCoy. Well, now, was the report generally discussed at that time, the whole thing?

Mr. BUSHNELL. No.

Mr. McCoy. When did you discuss the report, you and the members of the committee, irrespective of any complaint that had been made, and did you discuss it with the Postmaster General?

Mr. BUSHNELL. Never did discuss it with him.

Mr. McCoy. Did the Postmaster General ever approve of that report?

Mr. BUSHNELL. He approved it, subsequently.

Mr. McCoy. When was that?

Mr. BUSHNELL. The next day.

Mr. McCoy. The 6th of December?

Mr. BUSHNELL. Yes. At this conference that I refer to, on the 5th of December, it was, as I say, suggested that possibly the way out of the difficulty, to allow the International Postal Supply Co. to submit a bid, would be to reduce the number of machines of the high grade, which had been recommended by the committee. That was the Postmaster General's suggestion that they be reduced 100 in number, and that the Assistant Attorney General be asked as to whether a new bid could be submitted. The Assistant Attorney General rendered a decision that the awards would have to be settled, as they had been made and recommended first, because that was in the nature of a closed transaction, the bid of the International Co. having been in excess of the statutory limitation.

Mr. BRITT. In other words, the other bids were in a position to be considered or acted upon, and this would not affect those bids at all, the bid of the International Co. being in excess of what was prescribed by statute.

Mr. BUSHNELL. They had made a bid, but Congress had, in the appropriation bill for the Post Office Department, fixed a limit of \$270; that statutory limitation excluded their bid automatically, because their bid was for \$300 for 325 machines or less, or at the rate of \$275 for the entire number.

Mr. BRITT. Their lowest bid being in excess?

Mr. BUSHNELL. Their lowest bid being in excess, yes, sir. That fact was set out in the canceling-machine committee's report.

Mr. McCoy. Now, did the report of August 31, Exhibit No. 313, recommend an award for the full number of machines that had been specified in the advertisement of February 20th?

Mr. BUSHNELL. No; not the full number.

Mr. McCoy. Did it recommend an award for the full number of machines of the type of the fast machine made by the International company, or the Hey-Dolphin company?

Mr. BUSHNELL. Yes, 450.

Mr. McCoy. It did recommend the full amount?

Mr. BUSHNELL. Yes. There was a difference in the number of hand machines, I think.

Mr. McCoy. That is something I am not interested in at the present time. Now, was it suggested at that time that all the bids for the high-priced machines, being those under item 1 of the specifications, be thrown out, and that the advertising be done over again on that?

Mr. BUSHNELL. How is that?

Mr. McCoy. Was it suggested that all the bids be thrown out on the high-priced machines, and that an advertisement be started again for just the high-priced machines?

Mr. BUSHNELL. No, sir; no suggestion of that kind was made.

Mr. McCoy. That would have been improper, you think?

Mr. BUSHNELL. I think so.

Mr. McCoy. Well, if you could throw out some of them, or at least not make awards for some, why not simply drop them all out?

Mr. BUSHNELL. I don't understand it that way; we could make awards at the unit prices, or we could make an award for half the number.

Mr. McCoy. You could make an award for any that you wanted to?

Mr. BUSHNELL. No.

Mr. McCoy. Yes, because you didn't make any award for the drop-feed machines.

Mr. BUSHNELL. We made an award for the equivalent of a drop-feed machine, a machine that would cancel——

Mr. McCoy. What you did was to make a recommendation to ignore the drop-feed machine. It was not the equivalent because it was not anything like it.

Mr. BUSHNELL. It was a better machine.

Mr. McCoy. I don't know about that, but it wasn't anything like it; did not resemble it at all.

Mr. BUSHNELL. Under those circumstances we would have to make a contract for each specific machine.

Mr. McCoy. In other words, you could drop out some when you wanted to, and when you didn't want to you didn't have to; you could have thrown the whole thing overboard if you had wanted to and readvertised.

Mr. BUSHNELL. It was not in the interests of the Government——

Mr. McCoy. Oh, I don't think you realized whether it was in the interest of the Government or not; I don't say it was in the interest of the Government; because the Hey-Dolphin Co. did not bid to suit was no reason to readvertise. But my mind is not a departmental mind, and I may not see this right.

Mr. BUSHNELL. There was no reason from the standpoint of economy. The department has never failed to admit that the International machine was a very fine machine.

Mr. McCoy. Sure.

Mr. BUSHNELL. If it could have been bought at a reasonable price.

Mr. McCoy. You mean what Congress thought was a reasonable price?

Mr. BUSHNELL. If their bid had been any less than \$270 the committee would have made a recommendation for it.

Mr. McCoy. It couldn't have escaped it, because it is probably the best machine on the market.

Mr. BUSHNELL. We didn't attempt to escape it; we would have made a recommendation for the machine if it had been offered at \$270.

Mr. McCoy. At \$270. I know that, and I say you couldn't have escaped it. Now, do you know whether the Postmaster General ever went over this report of your committee with anybody or not?

Mr. BUSHNELL. I do not know.

Mr. McCoy. Never heard that he did?

Mr. BUSHNELL. I never heard that he did.

Mr. McCoy. That is my question.

Mr. BUSHNELL. I never heard whether he did or not.

Mr. McCoy. Did you ever talk about the matter with Dr. Grandfield.

Mr. BUSHNELL. I have frequently talked with Dr. Grandfield about it, but I don't know whether I ever asked him whether the Postmaster General had read the report or not.

Mr. McCoy. Did he ever say whether he had discussed the report with the Postmaster General or not?

Mr. BUSHNELL. I think he had discussed it with him about that time. The day that the Postmaster General sent for the committee I got my information through Dr. Grandfield—the word from the Postmaster General.

Mr. McCoy. Well, now; Dr. Grandfield testified that he told you that he didn't want to have anything more to do with it; that is, I think he did.

Mr. BUSHNELL. Dr. Grandfield told me that the Postmaster General wanted to see the committee and discuss the canceling machine matter with them, and the Doctor told me at the time that he would prefer not to be present. He said he did not want to be present, as the committee had the matter in charge.

Mr. McCoy. Now, you had this conference on the 5th of December, you say, and that there was no other conference?

Mr. BUSHNELL. No.

Mr. McCoy. That was the only one. Now, after the 5th of December, did you have any conversation with Dr. Grandfield about this report?

Mr. BUSHNELL. No; the next day we submitted our supplemental report.

Mr. McCoy. I am giving you a range now from the 5th of last December to the 4th day of January, 1913. Have you had any discussion with him about it during that time?

Mr. BUSHNELL. You mean have we discussed this report since the conference with the Postmaster General?

Mr. McCoy. Yes.

Mr. BUSHNELL. We have been up here most of the time, and we have discussed it pretty thoroughly since we have been up here.

Mr. McCoy. Before you came; before you knew that I was going to be troublesome?

Mr. BUSHNELL. I think we came up here the day after the conference.

Mr. McCoy. You think you came up here on the 6th of December?

Mr. BUSHNELL. About that date.

Mr. McCoy. I don't think so.

Mr. BUSHNELL. Possibly not as early as that.

Mr. McCoy. It was on the 9th of December that what you have called tentative awards were sent out, wasn't it? It was on the 9th day of December, I think it is shown here.

Mr. BUSHNELL. That is right; on the 9th.

Mr. McCoy. Now, between the 5th and 9th of December, did you have any talk with Dr. Grandfield about this report?

Mr. BUSHNELL. I told you I had a talk with him after the conference with the Postmaster General.

Mr. McCoy. That is what I asked you two or three pages back. When was that?

Mr. BUSHNELL. That was on the 5th or 6th of December.

Mr. McCoy. What was the talk about?

Mr. BUSHNELL. I told him that the Postmaster General had suggested that we cut down the award in the high-grade machines by 100 machines, and make tentative awards, and then readvertise.

Mr. McCoy. Did Dr. Grandfield tell you, ever, that between the 5th day of December, 1912, and the 9th day of December, 1912, that he had a talk with Mr. Hodgskin about this report?

Mr. BUSHNELL. Not between those dates.

Mr. McCoy. I didn't ask you whether he told you between those dates. Has he ever told you that between those dates he did have a talk with Hodgskin about the report?

Mr. BUSHNELL. I don't recall it. Mr. McCoy, the supplemental report which went to the Postmaster General the day after the committee had the conference with him was dated the 6th; that report was approved by the Postmaster General on the 7th, which, I remember, was on a Saturday, and I found it on my desk at the office the next Monday morning, which was the 9th, and that was the day that the tentative awards were made, and in accordance with the suggestion of the Postmaster General at the conference of the committee.

Mr. McCoy. Oh; now, then, the Postmaster General at the conference with the committee did suggest, then, that you cut out a hundred of these fast machines, and that you make awards for the rest of the machines?

Mr. BUSHNELL. That is what I said.

Mr. McCoy. Well, I have not heard it before now.

Mr. BUSHNELL. And we notified the companies in order that there would be no loss of time.

Mr. McCoy. Now, by "we" you mean the committee?

Mr. BUSHNELL. No; the proper officer of the department—the purchasing agent.

Mr. McCoy. Yes; he is the proper officer. Now, then, did you report that fact to Dr. Grandfield?

Mr. BUSHNELL. The letters notifying the different bidders were written in our bureau.

Mr. McCoy. There is no question about that. Now answer my question. Did you report to Dr. Grandfield what the Postmaster General had suggested?

Mr. BUSHNELL. I had to do it, of course, in order to write those letters; I think I dictated those letters, which were signed by Dr. Grandfield; therefore, he had a full understanding of the matter.

Mr. McCoy. Did you have any conversation with him before you dictated these letters?

Mr. BUSHNELL. It is more than likely that I told him first what the Postmaster General had suggested.

Mr. McCoy. This is something that happened about three weeks ago, and now I ask you to go back, in your memory about three weeks ago, and say whether you reported to Dr. Grandfield what the Postmaster General had said, and whether Dr. Grandfield suggested to you that you dictate the letters. Is that what happened?

Mr. BUSHNELL. I don't know whether he told me to dictate them or whether I did it on my own motion. The natural course of business would be for me to tell Dr. Grandfield, my superior officer, what the Postmaster General had said in regard to the matter.

Mr. McCoy. But you have no recollection whether you did or not?

Mr. BUSHNELL. Not specifically. I dictated the letters which went out, but I don't recall whether Dr. Grandfield told me to do so or whether I did it on my own motion.

Mr. McCoy. Did you know at this time, this 5th day of December, 1912, that the Committee on Expenditures in the Post Office Department of the House of Representatives had ever had any communication with the Postmaster General about the matter?

Mr. BUSHNELL. Yes, sir; I knew it.

Mr. McCoy. When did you first hear that?

Mr. BUSHNELL. I don't remember.

Mr. McCoy. Did you see the letter which came from the committee asking that nothing further be done until it had investigated the matter?

Mr. BUSHNELL. I saw some of the letters and prepared some of the letters in reply, with which were sent these files for the information of the committee; whether or not I ever saw that which you refer to I don't know. That would have been answered in the Postmaster General's office, in the natural course of business, and I would have nothing to do with it.

Mr. McCoy. It wouldn't come down to your bureau at all?

Mr. BRITT. But your action in notifying these people regarding the award would have the direction of the Postmaster General?

Mr. BUSHNELL. Yes.

Mr. McCoy. Did you ever hear that this committee had requested that no action be taken until it had investigated the matter?

Mr. McCoy directed that the answer of the witness be stricken out, and that the stenographer read the question, which was done.

Mr. BUSHNELL. Didn't Dr. Grandfield testify that he did not see that letter? If he didn't see it, I didn't.

Mr. McCoy. Here it is 20 minutes after 9, but we are going to stay here until 11 o'clock, or until you answer my question. Now, read that question again, will you please, Mr. Reporter?

Mr. BUSHNELL. I am ready to stay until 12.

The stenographer read the question.

Mr. BUSHNELL. Just when I heard that I don't know.

Mr. McCoy. Read the question again, please.

The stenographer again read the question.

Mr. McCoy. Now, did you ever hear it?

Mr. BUSHNELL. I never saw the letter.

Mr. McCoy. I asked you if you ever heard of the letter?

Mr. BUSHNELL. I presume I heard that such a letter had been written; I have no recollection of seeing the letter; that would not be sent out to me.

Mr. McCoy. Didn't you testify awhile ago that Dr. Grandfield had said that he had not seen the letter?

Mr. BUSHNELL. There was one of those letters from the committee that I understood was answered in the Postmaster General's office relating to the resolution which the committee had adopted.

Mr. McCoy. I asked you if you didn't testify a few minutes ago that Dr. Grandfield had said that he had not seen that letter. When I was trying to get you to answer my question, didn't you ask such a question?

Mr. BUSHNELL. I think the question referred to a letter which had been answered in the Postmaster General's office.

Mr. McCoy. I am asking you if you didn't testify a few minutes ago by asking me a question, "Didn't Dr. Grandfield testify that he did not see that letter?"

Mr. BUSHNELL. Yes.

Mr. McCoy. Well, what are you trying to do? Are you trying to square your testimony with what Dr. Grandfield has testified to?

Mr. BUSHNELL. No; not at all.

Mr. McCoy. Well, why did you ask me that question?

Mr. BUSHNELL. To establish the fact that if that matter was one which the Postmaster General's office would handle without reference to the First Assistant's office, then I would have nothing to do with it.

Mr. McCoy. You were a member of this committee?

Mr. BUSHNELL. Yes; but the Postmaster General had not conferred with the committee.

Mr. McCoy. He appointed it, didn't he?

Mr. BUSHNELL. Why, certainly.

Mr. McCoy. And didn't Dr. Grandfield testify that when it went into the hands of the committee that it was then a matter between the committee and the Postmaster General?

Dr. GRANDFIELD. I said that the letter was answered in the Postmaster General's office—

Mr. McCoy. Oh, I am not talking about the letter now; I am dropping that matter. As I remember your testimony, you said that when the Postmaster General appoints a committee then the business is between him and the committee, and that in a certain way eliminates you.

Dr. GRANDFIELD. I testified that it was the duty of the committee to report to the Postmaster General; yes, sir.

Mr. McCoy. I am speaking, of course, of testimony taken several days ago, and I may be wrong, but that was my recollection of the matter.

Dr. GRANDFIELD. I did testify that after the appointment of the committee the correspondence of the Postmaster General was carried on directly with it.

Mr. McCoy. You are right about that, but the witness has just said that the letter would not come to him because it would come through the First Assistant, if it came at all.

Dr. GRANDFIELD. That is right.

Mr. McCoy. Now, I am asking him whether the Postmaster General might not, in view of the fact that he had appointed this committee, refer a letter like that directly to it.

Mr. BUSHNELL. No, sir; he never referred any letter to the committee.

Mr. McCoy. I undertook to try and recollect the testimony of a former witness about the natural course of business down there; I didn't have reference to anything in particular.

Dr. GRANDFIELD. I did not mean to say that the Postmaster General ever referred any correspondence in this case direct to the committee.

Mr. McCoy. No; I don't recollect your saying that, either.

Mr. BUSHNELL. I have had no conference with the Postmaster General further than the one I have mentioned, and he had no correspondence with the committee.

Mr. McCoy. It really doesn't matter, Mr. Bushnell. If you would only answer my questions, and answer them in a clear, straight manner, we would save all this. I simply asked you if you had ever heard of such a letter, and then you begin to think out loud and all that goes down on the record. I want you to answer "yes" or "no," whatever it may be.

At the conference of December 5 in the Postmaster General's office was the fact that this Expenditures Committee was having anything to do with this matter mentioned?

Mr. BUSHNELL. It was not mentioned at all.

Mr. McCoy. Did you ever----I call your attention to Exhibit W, on page 83, a memorandum from Dr. Grandfield to the Postmaster General. Did you ever see that, the original of it?

Mr. BUSHNELL. I do not remember.

Mr. McCoy. You do not remember?

Mr. BUSHNELL. I do not remember to have ever seen it.

Mr. McCoy. Did you ever hear that it had been sent to the Postmaster General? It was sent; Dr. Grandfield testified to that, so you can take that for granted. Did you ever hear that it was sent?

Mr. BUSHNELL. I have no recollection.

Mr. McCoy. Was any conference had with you by Dr. Grandfield with reference to sending it?

Mr. BUSHNELL. I do not recall any conference in regard to it.

Mr. McCoy. Did you ever have any conference with Dr. Grandfield after the 31st of August with reference to the fact that this expenditures committee was thinking of investigating this canceling-machine matter?

Mr. BUSHNELL. I have had conferences with him over the matters which the committee had requested from time to time, which were in August and September.

Mr. McCoy. Was it called to your attention that I had written two or three letters to the Postmaster General asking him for a copy of the report of the canceling-machine committee?

Mr. BUSHNELL. No, sir; I never saw the letters.

Mr. McCoy. I asked you if it was called to your attention that I had written such letters?

Mr. BUSHNELL. I don't remember that it was.

Mr. McCoy. What months was it in which you said that you had these conferences with Dr. Grandfield in regard to answering the questions of this committee on expenditures?

Mr. BUSHNELL. I had, of course, more or less to say about the preparation of the replies to the letters which your committee had written the department, letters in which you requested certain data.

Mr. McCoy. What months? The first was in August, was it not?

Mr. BUSHNELL. I think so.

Mr. McCoy. And was there anything in September?

Mr. BUSHNELL. I don't remember the dates now.

Mr. McCoy. Well, the months?

Mr. BUSHNELL. I think there was some in September.

Mr. McCoy. Was there anything in October?

Mr. BUSHNELL. I am not sure about that. I have a complete file here from which I could tell you.

Mr. McCoy. Anything in November?

Mr. BUSHNELL. I am not sure about that.

Mr. McCoy. You knew that the committee was undertaking to investigate the matter anyway, didn't you?

Mr. BUSHNELL. I knew in August that they had asked for certain information. I had no knowledge as to what the committee was doing.

Mr. McCoy. You didn't know that the—what prompted you to know that the committee was doing something in August?

Mr. BUSHNELL. Why the letters from your committee. [After examining papers.] August 5 is the date of the first letter referred to; the first letter that I have addressed to the committee (or a copy of it) is dated August 13, and refers to Mr. Ashbrook's letter of August 5. That may not have been the first one, however.

Mr. McCoy. Let me see the letter you refer to, please; I don't find it as an exhibit.

Mr. BUSHNELL. I don't find the original letter; this is a copy of the department's letter.

Mr. McCoy. What is the date of the department's letters?

Mr. BUSHNELL. August 9 is the date of this one.

Mr. McCoy. You say that was in reply to a letter from the committee of August 5?

Mr. BUSHNELL. That is what it says.

Mr. McCoy. What is the date of it?

Mr. BUSHNELL. August 13.

Mr. McCoy. Here is the letter of August 9. Yes; this letter is Exhibit 15, at the bottom of page 237; it refers to a letter of August 5. The August 5 letter, I recollect now,—if we could only find it— notifies the Postmaster General that we would like to have no further action taken, and asked for certain information, and this letter of August 9 sends us the information; but there was a previous reply.

Mr. BUSHNELL. The committee wrote a letter to the Postmaster General on August 16 in which it quoted the action of the committee on August 5.

Mr. McCoy. Let me see that, please.

Mr. BUSHNELL. That letter was answered in the Postmaster General's office and I have only obtained these copies since we have been coming up here. I never saw the original letter or the reply to it. This is the one that Dr. Grandfield had reference to.

Mr. McCoy. Well, at any rate, at the conference with the Postmaster General on December 5 was the correspondence he was having with the Expenditures Committee mentioned in any way?

Mr. BUSHNELL. No, Sir. No, the conference was only in regard to what the best course to pursue was in the matter of permitting the International Postal Supply Co. to submit an additional bid, a new bid.

Mr. McCoy. Now, did you prepare an answer to a letter of August 5?

Mr. BUSHNELL. I have no copy of any such letter.

Mr. McCoy. Look at page—perhaps you didn't get my question. Have you there a copy of a letter prepared in answer to a letter from this Expenditures Committee dated August 5, 1912?

Mr. BUSHNELL. I have one letter here which says in response—

Mr. BRITT. Is that the one of August 9, Mr. Bushnell?

Mr. BUSHNELL. Yes, sir; it refers to—

Mr. McCoy. Now, get the letter of August 13.

Mr. BUSHNELL. That says with further reference to the letter of August 5.

Mr. McCoy. Yes; now it says:

I transmit herewith the following additional papers bearing on the subject.

That is signed by the Postmaster General, and it bears your initials and the initials of Dr. Grandfield. That is Exhibit K, down at the bottom of page 44; at the end of the letter are the initials B-C.

Mr. BUSHNELL. I dictated that.

Mr. McCoy. You dictated that letter. Now, what did you have before you when you dictated that letter?

Mr. BUSHNELL. I don't think I had anything before me in the way of a letter; those were additional files that were found later, and which had not been included in the lot that were sent with the letter of August 9; I simply referred to that.

Mr. McCoy. Let me see that letter of August 9, will you? Who prepared this letter of August 9?

Mr. BUSHNELL. I think Dr. Grandfield prepared that.

Mr. McCoy. Who dictated the letter of August 9 [showing witness paper].

Mr. BUSHNELL. Dr. Grandfield.

Mr. McCoy. Now, read the first part of that letter of August 9, where it says:

In response to a resolution of the committee on expenditures in the Post Office Department, as set forth in your letter of the 5th instant—

Mr. BUSHNELL. Yes, sir.

Mr. McCoy (continuing):

The chairman of this committee makes the request to the Postmaster General that no further orders be given for canceling machines, etc.

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. That is the same as Exhibit 15, at page 237. Now, did you have Exhibit 15 before you when you dictated the other exhibit, which you say you dictated?

Mr. BUSHNELL. The one of August 13.

Mr. McCoy. Yes.

Mr. BUSHNELL. I don't know; that was written in Dr. Grandfield's office.

Mr. McCoy. Which was, Exhibit 15?

Mr. BUSHNELL. The one of August 9.

Mr. McCoy. Yes, and for the purpose of transmitting certain papers that the committee desired. Did you have that letter when you wrote the letter of August 13, sending additional papers.

Mr. BUSHNELL. I don't know; I may have just gotten the date in order to refer to the original letter.

Mr. McCoy. How did you know what papers to send if you didn't know what papers had gone with the letter of August 9?

Mr. BUSHNELL. I had given the orders to have all these papers taken from the files and they were—

Mr. McCoy. I know; but Dr. Grandfield wrote the first letter sending certain papers.

Mr. BUSHNELL. And these additional papers came up from the files after the letter of August 9 had been sent.

Mr. McCoy. Simply the papers were sent up to you from the files?

Mr. BUSHNELL. Yes, sir; simply sent up to me.

Mr. McCoy. And you dictated the letter without knowing whether or not that finally referred to the committee all the papers that it had requested?

Mr. BUSHNELL. I think there were some sent still later on that were not ready then.

Mr. McCoy. Well, now, as a result of the conference of December 5—that was the date, wasn't it?

Mr. BUSHNELL. December 5; yes, sir.

Mr. McCoy. As a result of the conference of December 5 this supplemental report was prepared, was it not?

Mr. BUSHNELL. Yes. First, however, it was suggested that we obtain a ruling from the Assistant Attorney General, as to whether or not we would have to close the transaction regarding the bids of March 20, as recommended in our report.

Mr. McCoy. Did you get such an opinion?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. In writing?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Let me see it, please.

Mr. BUSHNELL. That is the letter to the Assistant Attorney General, signed by the Postmaster General, and his reply. [Handing papers to Mr. McCoy.]

Mr. McCoy. I offer in evidence a copy of a letter, dated December 5, 1912, addressed to Hon. R. P. Goodwin, Assistant Attorney General for the Post Office Department, and signed by F. H. Hitchcock, Postmaster General; this will be Exhibit 316.

EXHIBIT No. 316.

(Copy.)

DECEMBER 5, 1912.

Hon. R. P. GOODWIN,

Assistant Attorney General for the Post Office Department.

SIR: On March 20, 1912, bids were opened in the Post Office Department for the rental of canceling machines for four years beginning July 1, 1913.

The act of Congress approved August 24, making appropriations for the service of the Post Office Department for the fiscal year 1913, contains a provision that hereafter no contract shall be made for any canceling machine for more than \$270 per annum. The proposal submitted by the International Postal Supply Company of New York calls for an annual rental of \$300 per annum for their high-grade electric machine and in consequence the committee appointed to open these bids and make appropriate recommendations upon which to base an award could not give it consideration, notwithstanding that the machine in question has considerable merit.

From the department's standpoint it would be desirable to retain in the service, if possible, at least a minimum number of the high-grade machines of the company above named. It is not believed, however, in the interest of the service to reopen the whole matter at this late day by advertising again for complete bids as satisfactory competition has been obtained with reference to other machines in this class and also as to the lower-grade machines. It is important that the awards be made at once. The International Postal Supply Company is the only one whose price for the high-grade machine is in excess of the amount fixed by Congress.

In view of the desirability of making a contract with the International Postal Supply Company for a minimum number of their high-grade machine, you are requested to state whether the department can properly consider another bid from this company at this time or whether this should be taken up in the usual way after the awards recommended by the committee have been made.

Respectfully,

(Signed)

F. H. HITCHCOCK,
Postmaster General.

B-C.

Mr. McCoy. This is marked at the bottom "B-C." Did you dictate that, Mr. Bushnell?

Mr. BUSHNELL. I dictated that; yes, sir.

Mr. McCoy. Then, I offer in evidence a memorandum for the Postmaster General, dated December 6, 1912, signed R. P. Goodwin, Assistant Attorney General, which is Exhibit 317.

EXHIBIT No. 317.

(Copy.)

POST OFFICE DEPARTMENT,
OFFICE OF THE ASSISTANT ATTORNEY GENERAL,
Washington, December 6, 1912.

[Memorandum for the Postmaster General.]

In your letter of yesterday you state that bids for the rental of canceling machines for four years beginning July 1, 1913, were opened March 20, 1912, but that, before awards had been made, Congress passed the act of August 24, 1912, ch. 389 (37 Stats., 544), limiting the annual rental of canceling machines to \$270 per annum. Of the bids for high-grade machines only that of the International Postal Supply Company stipulated a price in excess of \$270. It is desirable, if possible, to contract for some of the machines of this make, but it is not considered in the interest of the service to reopen the whole matter by readvertising for bids on both the high and low grade machines. You ask my opinion as to whether the department can properly consider another bid from the International Postal Supply Company at this time, or whether this should be taken up after the awards recommended by the committee have been made.

The statutes requiring advertisements for proposals as a preliminary step to making contracts for supplies have been held to be inapplicable to certain supplies, such as patented articles, in those exceptional cases where competition is not possible. However, the act of August 24, 1912, *supra*, specifically provides—

"That hereafter * * * all contracts (for canceling machines) entered into shall be let after having advertised for bids, and shall be awarded on the basis of cheapness and efficiency."

This law precludes the acceptance of any bid for canceling machines except when made in pursuance of advertisement. The submission of bids now under consideration is a completed transaction, and a new bid can be the basis of an award only as the result of readvertisement.

(Signed) R. P. GOODWIN,
Assistant Attorney General.

Mr. McCoy. I notice in Exhibit No. 316, which you say you dictated, that it is stated that the proposal submitted by the International Postal Supply Co., of New York, referring to the bids of March 20, 1912, call for an annual rental of 300 of their high-grade electric canceling machines. Was the Postmaster General ever told that the International Postal Supply Co. had bid \$275 for a number of their machines?

Mr. BUSHNELL. He was told that in the report of the committee of August 31.

Mr. McCoy. Was it called to his attention at this time—at about the time this matter was being discussed?

Mr. BUSHNELL. Why, Mr. Hodgskin must have talked to him about it.

Mr. McCoy. You don't know whether he did or not?

Mr. BUSHNELL. No, sir.

Mr. McCoy. You say that from the department's standpoint it would be desirable to retain in the service if possible at least a minimum number of the high-grade machines of the company above named?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. What did you call a minimum number?

Mr. BUSHNELL. My idea was that it would be desirable to make a small contract with that company for, possibly, a hundred machines.

Mr. McCoy. You don't use the definite article; you say "at least a minimum number." Does that mean anything?

Mr. BUSHNELL. A number that should be consistent with the price, and that would not be over a hundred, in my judgment, according to the prices quoted.

Mr. McCoy. Now, suppose that the International Postal Supply Co. had come in with a new bid, and bid, we will say, \$225, and the other companies had bid up to \$270. What would have been a minimum number to award to the International Co. under those circumstances?

Mr. BUSHNELL. You mean a new bid, under this recent advertisement?

Mr. McCoy. Suppose you had gone ahead with this advertising and the bid of the International Co. would have been found to be \$225. What would you have done?

Mr. BUSHNELL. We would, undoubtedly, have considered a bid for 100 machines, if they were what we advertised for.

Mr. McCoy. In other words, then, you mean that a minimum would be 100?

Mr. BUSHNELL. That is what we proposed to advertise for.

Mr. McCoy. You considered that a sort of minimum number which they were entitled to get. Is that right?

Mr. BUSHNELL. It is not a question of what they were entitled to get, but it was this number that we had decided it would be appropriate to deduct from the other bids and advertise for again.

Mr. McCoy. Appropriate from what point of view?

Mr. BUSHNELL. Consistent with the prices submitted.

Mr. McCoy. With what prices?

Mr. BUSHNELL (continuing). And with the efficiency of the machine.

Mr. McCoy. Consistent with what prices?

Mr. BUSHNELL. With the prices that the other bidders had offered.

Mr. McCoy. What is the consistency? How can you figure out consistency between the number of machines you are going to advertise for, or readvertise for, and the prices other people have bid?

Mr. BUSHNELL. I would consider that 100 machines at the high price offered would be a pretty expensive proposition if 100 machines that could do the same amount of work could be procured for 25 per cent less money.

Mr. McCoy. How can you determine in advance what the bids are going to be?

Mr. BUSHNELL. We didn't think it would be in the interest of the Government, because the International Co. had held out for the full price.

Mr. McCoy. Now, we are getting down to it. The International Co. was going to be treated on some other basis than that on which the other bidders were treated, and they went down there and they put in a kick, and it was a good, hard one, too; and on account of that it was decided that they should be squeezed in, with a measly hundred machines.

Mr. BUSHNELL. On the ground that their machines were very efficient.

Mr. McCoy. That's right; exactly; but because they were holding out for high prices they were not going to be given a chance to give the Government the benefit of their efficient machines.

Mr. BUSHNELL. It was on account of their high prices that the committee shut them off entirely.

Mr. BRITT. The statute put their bids outside of consideration.

Mr. BUSHNELL. Yes.

Mr. McCoy. You say here that in view of the desirability of making a contract for a minimum number, you determined you would readvertise for 100 machines of this type. Is that it?

Mr. BUSHNELL. That was the suggestion.

Mr. McCoy. Was that the Postmaster General's suggestion, or yours; or was it the committee's suggestion?

Mr. BUSHNELL. The matter was discussed at that conference; I do not recall who made the original suggestion; but 100 machines seemed to be about the right number. Had their bid been less than \$270 the committee would undoubtedly have awarded them a contract for 100 machines.

Mr. McCoy. Now, the Assistant Attorney General says "The law precludes the acceptance of any bid for canceling machines except those made in pursuance of advertisement. The submission of bids now under consideration is a completed transaction, and a new bid can be the basis of an award only as a result of readvertisement." Now, did you take that to mean that he was of the opinion that you could not readvertise for the whole number specified in the advertisement of February 20?

Mr. BUSHNELL. No; I took it that we would have to act upon the recommendation before us—that the Postmaster General would have to, before he issued another advertisement.

Mr. McCoy. Now he doesn't say so, does he? He says a new bid can be the basis of an award only as a result of a readvertisement.

Mr. BUSHNELL. That is the very point.

Mr. McCoy. Yes; that is exactly the point; but he don't say that you could not advertise for the whole number of fast machines, does he?

Mr. BUSHNELL. Oh, no.

Mr. BRITT. That would be action to suggest; there would have to be action on those bids or else a withdrawal of the whole transaction and a readvertisement; that is to say, there are so many bids, and those not made by the International Co. are treated as closed transactions, so far as the submission of bids is concerned, and now the Postmaster General must act upon those bids or must reject all bids and make a new advertisement. Is that what you gather to be the meaning?

Mr. BUSHNELL. Yes.

Mr. McCoy. Then why did you not readvertise and for an entire new bid on the whole business? Fast machines and every other kind of machine?

Mr. BUSHNELL. That would not seem to be in the interest of the Government.

Mr. McCoy. Why not?

Mr. BUSHNELL. Because it was a foregone conclusion that the International Co., if they submitted a bid, would not submit one lower than some of the other bidders.

Mr. McCoy. Then you were afraid that if all the bidders took another try at it there was the risk of having them increase their prices?

Mr. BUSHNELL. Oh, not at all.

Mr. McCoy. Well, then—

Mr. BUSHNELL. The International Postal Supply Co. was the only one that had been shut out by a statutory limitation. It was the view of the department that it might be in the interest of the Government—but it would have to be determined by a bid for 100 machines—to give the International people a chance to come in. It would not be in the interests of the Government to throw out all the bids that were then under consideration, because the chances were infinitesimal, judging from the attitude that the International people had taken, that their price would not be below that.

Mr. McCoy. You say they were shut out of these hundred machines due to the action of Congress.

Mr. BUSHNELL. Shut out altogether.

Mr. McCoy. Here was a company which, through the action of Congress, had been shut out of an opportunity to get in on a contract, and you decided they should be given a chance—

Mr. BUSHNELL. I would not put it that way. They were shut out by their own action—by refusing to reduce their price. They had the same opportunity to reduce their price originally as the other bidders, and they declined to do it.

Mr. McCoy. Trying to bulldoze them into putting their price down.

Mr. BUSHNELL. No, not at all.

Mr. McCoy. When was the law passed? When was that provision limiting the price to \$270 first inserted?

Mr. BUSHNELL. In the post office appropriation bill.

Mr. McCoy. On May 2, was it not?

Mr. BUSHNELL. I don't know.

Mr. McCoy. It passed the House on May 2, did it not?

Mr. BUSHNELL. I don't recall the date.

Mr. McCoy. Well, I recall it. That was the date it passed the House, and consequently when these bids of March 20 were put in nobody had any knowledge of a statutory limitation of that kind.

Mr. BUSHNELL. No.

Mr. McCoy. Well, there is nothing to criticize them about, then. Now, here was a company which through the action of Congress was prevented from getting in on a contract; nevertheless, you determined that it was not in the interests of the department to readvertise the whole business, under those circumstances; but, when a man, through his own fault, has created a situation as the Cummins Co. did in regard to the bids of October 31, 1911, not only by putting in an irregular bid, but by putting in a secret bid, you thought, under those circumstances, that the interests of the department called for a readvertising. Now, was the situation different only in the respect that in the one instance it was the Cummins Co., and in the other it was the International Postal Supply Co.?

Mr. BUSHNELL. No, sir; there is a very large financial benefit in it to the Government.

Mr. McCoy. Where was the large financial benefit?

Mr. BUSHNELL. It was in the interest of the Government to get a bid from all companies that could furnish the machines for rental to the Government.

Mr. McCoy. All right. Now, here is Mr. Ellis, from Haverhill, who had a machine which was submitted for test in the summer of 1912, and the committee made a very favorable report on it.

Mr. BUSHNELL. Yes.

Mr. McCoy. The committee said he had developed a good machine, and here in December was an opportunity to give Mr. Ellis a chance to put in a new bid. Why was that not taken advantage of?

Mr. BUSHNELL. That might be done later.

Mr. McCoy. Oh, yes, it might be done later, but I asked you why it was not taken advantage of at that time?

Mr. BUSHNELL. Because there was no pressing need for an additional number of those smaller machines.

Mr. McCoy. But I thought the department was pressed and pressed and pressed for these machines, and could not get anything it wanted in the way of machines.

Mr. BUSHNELL. There is great necessity for high-grade machines in offices where those machines are used. They could not perform the functions for which the canceling machines were used.

Mr. McCoy. Why didn't you get the high-grade machine which is recommended as the standard; why didn't you readvertise so you might put in 450 of those machines and throw out the Stoddard machine, the Cummins machine, and all the other high-grade machines? Why didn't you take a chance?

Mr. BUSHNELL. It would not have been in the interest of the Government to do so, in view of the prices which the companies had submitted on March 20.

Mr. McCoy. How do you know what the International Co. would do if you readvertised?

Mr. BUSHNELL. We are simply judging from what they have done in the past.

Mr. McCoy. Oh, yes; that's it exactly; as usual, something that is in the mind of somebody in the department comes in and operates to make an absolutely unbusinesslike proposition. You didn't do it because you didn't want to throw out some of your old bids.

Mr. BUSHNELL. We have known what their attitude has been.

Mr. McCoy. Mr. Hodgskin will be interested to read this. Yes, you have known what their attitude is, and because of that they were going to be punished.

Mr. BRITT. Mr. McCoy, I would like to ask just one question.

Mr. McCoy. I'll give you a chance after awhile, Mr. Britt.

Mr. BRITT. I think this bears on that point you are now considering.

Mr. McCoy. All right, then, let's have it.

Mr. BRITT. They had bid at one time \$300 for machines, and they were furnished at that under the current contract. Their next bid was \$275, and their last bid was \$275.

Mr. BUSHNELL. On the basis of all machines--325 machines or over.

Mr. BRITT. And from that you felt it was reasonable to suppose that they would not bid below \$270?

Mr. BUSHNELL. Yes, sir.

Mr. BRITT. Which was the statutory price fixed. I understand Mr. McCoy's question; it was reasonably probable that they might come much lower.

Mr. McCoy. The purport of my question was that, as a business proposition, considering what they had done on other advertisements for bids, they should have readvertised; they could have done it on a ten-day notice, and taken a chance that the International Co. would cut down its former price. But, as Mr. Bushnell says, knowing the attitude of the International Co., they persistently tried to get all they could; but, of course, no other company was trying to do that; that would be preposterous. They were getting all they were entitled to.

Here is the reason, found in Exhibit 316:

It is not believed to be in the interest of the service to reopen the whole matter at this late day by advertising again for complete bids, as satisfactory competition has been obtained with reference to other machines in this class, and it is recommended that the awards be made at once.

Was the Post Office Department at all times in favor of striking out that \$270 limitation in the post-office appropriation bill?

Mr. BUSHNELL. I think that was the department's attitude; that it was a mistake to put in that limitation.

Mr. McCoy. Was it the attitude of the department at all times?

Mr. BUSHNELL. I don't know.

Mr. McCoy. Did the department have that attitude toward the matter at all times?

Mr. BUSHNELL. That matter was never brought to my attention. I never knew anything about it until I saw it in the post-office appropriation bill.

Mr. McCoy. But after it got into the bill, was it your attitude in regard to it that it should be stricken out?

Mr. BUSHNELL. I never had any opinion in regard to it.

Mr. McCoy. Now just let me refresh your recollection. Mr. Slack was instructed to write a letter—Mr. Slack, were you requested to prepare a letter for the department to this committee in regard to the post-office appropriation bill passed in 1912?

Mr. SLACK. Yes, sir. I was instructed to prepare a letter at one time which would call to the attention of the House Post Office Committee everything in the post-office appropriation bill which had been changed by the committee so that it differed from the recommendations of the department. It was in May, 1912, that I received those instructions.

Mr. McCoy. And what did you do in pursuance of those instructions?

Mr. SLACK. There was a large mass of papers given to me, showing where different people in the department had made an attempt to argue the department's case as against the committee's case. I took those papers and wrote a complete letter.

Mr. McCoy. At whose direction did you do that?

Mr. SLACK. I was working in Dr. Grandfield's office at that time, and it came to me as a routine matter. Mr. Bushnell was acting First Assistant Postmaster General at that time.

Mr. McCoy. You did prepare such a letter?

Mr. SLACK. I did.

Mr. McCoy. Did it have in it any reference to this \$270 limitation?

Mr. SLACK. It did. It mentioned the \$270 limitation as having been introduced in the House and not being recommended by the department; but there was no argument one way or the other about it either for or against the limitation.

Mr. McCoy. No argument?

Mr. SLACK. Not in the letter that I prepared.

Mr. McCoy. Simply a statement of fact?

Mr. SLACK. Simply a statement of fact, yes, sir.

Mr. McCoy. What did you do with that letter?

Mr. SLACK. I put it on Mr. Bushnell's desk to be signed or acted upon.

Mr. McCoy. Did he call your attention to that feature about the \$270 limitation?

Mr. SLACK. He did. I was passing through the office when Mr. Bushnell stopped me; we both were standing together next to the desk of the First Assistant Postmaster General, in the office of the First Assistant, and Mr. Bushnell said to me—instructed me to take that out of the letter.

Mr. McCoy. Did he give any reasons for doing so?

Mr. SLACK. He said the department didn't want to recommend any change, and he invited my attention to the fact that \$270 was cheaper than the present limitation, something which I, of course, already knew.

Mr. McCoy. The limitation at that time being \$300?

Mr. SLACK. Yes, sir; \$300.

Mr. McCoy. Do you wish to ask Mr. Slack any questions, Mr. Britt?

Mr. BRITT. Not at his time. I will cross-examine Mr. Slack all in a bunch.

Mr. McCoy. I want to suggest, Mr. Britt, that you get ready to do it on Monday.

Mr. BRITT. I will be ready.

Mr. McCoy. I also hope we will get a chance then to give you an opportunity to put in whatever the Government wants to put in. I hope so at any rate.

Mr. BUSHNELL. Mr. McCoy, I would like to say in regard to what Mr. Slack has stated that I remember very well asking him to take the bill and prepare the letter which he refers to. I was acting first assistant at the time and was very busy and I didn't go over the matter at all. I don't think the letter ever went out until Dr. Grandfield came back; I think it remained there on the desk until he came back a day or two afterwards.

Mr. McCoy. Mr. Slack, did you make a change in that letter, striking out that reference?

Mr. SLACK. I did.

Mr. McCoy. Before Dr. Grandfield came back?

Mr. SLACK. Yes, sir; and it was the only provision in the entire letter that Mr. Bushnell called my attention to as being one that he wished changed at that time. A little later he called my attention to another provision which he thought was not in accordance with what Dr. Grandfield wanted.

Mr. BUSHNELL. My reason for calling his attention to that \$270 limitation was the fact that I understood Dr. Grandfield had discussed the matter before the House committee—the Appropriations

Committee—when they were considering the Post Office appropriation bill. That was the only reason I had for suggesting a change. I didn't want the letter to be in conflict with any expression of opinion which Dr. Grandfield had made before the Post Office appropriations committee. Personally I had no views whatever on the subject of that limitation. I merely asked Mr. Slack, in the ordinary course of business, to prepare that letter.

Mr. McCoy. Now, the opinion of the Attorney General, Exhibit No. 317, is dated December 6, 1912; was that received by the Postmaster General on that date?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. And advertisement was inserted calling for bids on 100 of these fast machines, was it not?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Was that after December 6?

Mr. BUSHNELL. Yes, sir; December 10, I think.

Mr. McCoy. What is that?

Mr. BUSHNELL. December 10 is my recollection.

Mr. McCoy. And those bids were not opened?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Or, rather, the bids as advertised for and received were not opened?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Were you present at the time they were to have been opened?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Were you not on the committee to open the bids?

Mr. BUSHNELL. No committee had been appointed for opening those particular bids.

Mr. McCoy. But the report of the committee which recommended the change in the situation was a report of your committee, was it not?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. And it was entitled, "supplemental report"?

Mr. BUSHNELL. Yes.

Mr. McCoy. Supplementing something that the committee had done before, wasn't it?

Mr. BUSHNELL. Yes.

Mr. McCoy. And the committee thought then that it was in possession of its full powers when they made that recommendation?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Was there any opinion of the Assistant Attorney General submitted to the department between the 6th day of December, 1912, and the day when the bids were to have been opened?

Mr. BUSHNELL. The one that you have there; yes, sir. That is the only one that I know of.

Mr. McCoy. Why were not the bids opened?

Mr. BUSHNELL. I think the Assistant Attorney General advised the Postmaster General that in view of the fact that action had been suspended on the former award that it would not be advisable to open those bids.

Mr. McCoy. Didn't you say that the advertisement for those bids was started after December 6?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Then why was the advertisement started after this opinion of the Assistant Attorney General was rendered?

Mr. BUSHNELL. That opinion of the Assistant Attorney General was not the one that I referred to.

Mr. McCoy. I know, but it was the same thing as this, practically, was it not?

Mr. BUSHNELL. The advertisement, as I recall it—it was a matter for the purchasing agent, and not the office of the First Assistant—but as I recall it, the advertisement was made before the action was suspended in regard to the award, in accordance with the recommendations of the committee.

Mr. McCoy. Do you mean the suspension that took place when this Expenditures Committee got busy?

Mr. BUSHNELL. Yes, sir; the advertisement, as I recall it, had already been issued.

Mr. McCoy. That changed the situation, then. Is that what you mean; that this fact changed the situation so the Assistant Attorney General gave a different opinion on a new state of affairs?

Mr. BUSHNELL. The fact that this Expenditures Committee had asked that action be suspended of course changed the situation.

Mr. McCoy. Asked that action be suspended on what?

Mr. BUSHNELL. On the awards that had been made in accordance with the report approved by the Postmaster General on December 7.

Mr. McCoy. Well, that left the situation just as it was when this opinion was rendered.

Mr. BRITT. Won't you let me break in right there, Mr. McCoy; I would like to ask a question!

Mr. McCoy. All right.

Mr. BRITT. I think the question should be, "Is it not true that about the 9th or 10th of December the bids consequent upon the advertisement of February 20 and those submitted on March 20, 1912, were awarded?"

Mr. BUSHNELL. Yes.

Mr. McCoy. All right. Then after that the advertisement for these additional 100 machines was made?

Mr. BUSHNELL. That is right. That is the information I intended to convey.

Mr. McCoy. But Dr. Grandfield has testified here that the action of the Postmaster General in sending out the telegrams recalling these tentative awards, or whatever you want to call them, was indicative of his opinion that they did not amount to anything and were not legally a binding act. You don't entertain that view, do you? You think those letters that went out on December 9 bound the Government to take the machines?

Mr. BUSHNELL. Those letters were only intended as notices that formal awards would be issued.

Mr. McCoy. Nothing legally binding about them. Is that what you mean?

Mr. BUSHNELL. Yes; I think that the fact of the department sending out these notices to the effect that in accordance with its proposals the Government had accepted their proposal would, to a certain extent, be binding. That is in accordance with the long-existing practice of the department.

Mr. McCoy. Do you know whether Mr. Hodgskin entertains that view—that the Government is now bound by those letters that were sent out?

Mr. BUSHNELL. Well, Mr. Hodgskin has not expressed himself to me. Mr. McCoy. I had not heard whether he had expressed himself to anybody.

Mr. BUSHNELL. I treated them as though they were withdrawn.

Mr. McCoy. But if they were binding when they were sent out they could not be withdrawn. I only wanted to find out; but if I had surmised that Mr. Hodgskin thought the Government was bound, you can readily imagine that I would not have taken all this time from your business, and I certainly would not be expediting it now. I suppose it is his opinion that nothing is binding in that. On January 9 he is going to do something about it.

Mr. BRITT. There is nothing binding at this date.

Mr. McCoy. Very well; the fact that something that was binding was done would not modify the opinion of the Assistant Attorney General.

Mr. BRITT. It would, in this way, Mr. McCoy: I think Mr. Bushnell's view is a proper one, that a proposal having been submitted by a contractor and that proposal having been accepted in this way, which means make the machines, although the machines may not be constructively made and delivered, is in a certain sense binding. But the Postmaster General withdraws that award and there is no objection to the withdrawal, no exception made to treating it as withdrawn, and he so treats it, then I understand that it is absolutely withdrawn, just as if no awards had been made.

Mr. McCoy. That is what I supposed; that the whole thing retained its status quo, just as it was before this notice was sent out.

Mr. BRITT. But at the time this new advertisement was made it was understood that action had been taken on the bids previously submitted which brought about the condition which the Assistant Attorney General decided; but the withdrawal of these bids did put it back, to employ the legal term that you used, in statu quo.

Mr. McCoy. In other words there was a change of opinion about the binding effect—

Mr. BRITT. No; I don't mean that. I mean a change of conditions made a change of facts upon which this opinion was rendered. If no action had been taken at all upon the bids of March 20, 1912, under the opinion of the Attorney General no more advertisement for bids could be made; but there were awards made on the 9th, I think, is the date, and as they then stood unwithdrawn that was a disposition that was based on the bids of March 20, and consequent on that advertisement was made for these hundred machines.

Mr. McCoy. The Attorney General says on December 6 before any action had been taken, that these new bids can be made the basis of awards only as a result of advertising, and on the strength of that they went ahead and begun advertising, didn't they?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Oh, I thought they did.

Mr. BUSHNELL. No; we went ahead and made the award, and then advertised later.

Mr. BRITT. That is what I just now endeavored to make clear, Mr. McCoy.

Mr. McCoy. So that is the chronology of the thing?

Mr. BUSHNELL. Exactly so.

Mr. BRITT. I didn't pretend to give the dates accurately.

Mr. McCoy. I understood the witness to say that immediately upon getting this opinion they began to advertise.

Mr. BUSHNELL. No; I don't think I made that statement. I meant to say that after the awards had been made.

Mr. McCoy. You began this advertising after the 9th of December; is that it?

Mr. BUSHNELL. Yes, sir; I think the advertisement is dated December 10.

Mr. McCoy. Well, I have been going ahead on the wrong assumption. I have not seen the advertisement, but I thought he had testified just the other way.

Mr. BUSHNELL. I think it is all in here as an exhibit.

Mr. McCoy. I should not wonder; but I thought he had testified just now that they began to advertise just on the strength of this decision of the Assistant Attorney General.

Mr. BRITT. As I recall it now, the award was made on the 9th and the advertisement on the 10th of December.

Mr. BUSHNELL. That is right.

Mr. McCoy. Dr. Grandfield, about that Richmond letter; have you gotten that yet?

Dr. GRANDFIELD. Yes, sir; I found it.

Mr. McCoy. Is it here?

Dr. GRANDFIELD. I think I have it; what was the date of that letter?

Mr. McCoy. I don't remember, Doctor.

Dr. GRANDFIELD. I received several letters from the postmaster, and this is one of them. Mr. Koons remembers that I gave him the letter to take downstairs and that it was then to be sent back. I have not found the letter to which that seemed to be a reply.

Mr. McCoy. I will put these letters in later; don't let me forget it, please, will you?

Dr. Grandfield, do you remember the repair by the Cummins Co. of a considerable number of pick-up tables, at an expense of about \$10,000?

Dr. GRANDFIELD. In the Chicago post office?

Mr. McCoy. I believe so.

Dr. GRANDFIELD. Yes.

Mr. McCoy. What tables were those that were repaired?

Dr. GRANDFIELD. They were tables furnished by the Treasury Department when the Post Office Department first occupied the building.

Mr. McCoy. Who made them?

Dr. GRANDFIELD. The Lamson Co. I believe they made them with the permission of the owners of the patents--the Cummins Co. The repairs to the tables actually consisted in substituting new tables for the old ones. The tables in use were of no value in the construction of the new tables.

Mr. McCoy. Were not the Cummins patents later than the date when these tables were first put in the post office at Chicago?

Dr. GRANDFIELD. No; I understand not. At the time the tables were built by the Lamson Co. I think B. F. Cummins had the patent, but he was not financially able to build the tables at that time, and permitted the Lamson Co. to build the tables under his patents.

Mr. McCoy. How long had they been in the service when they were repaired?

Dr. GRANDFIELD. About six years. The remodeling consisted in taking out the old tables and putting in new ones. The contractor considered that it was a piece of sharp practice on the part of the department, because the old tables were of no value to him whatever except as junk; they had to be knocked down, and the only use that could be made of them was to sell them for old metal.

Mr. McCoy. The correspondence doesn't show that; it shows that the tables were remodeled and that the contractor put in a bill for them.

Dr. GRANDFIELD. It is the only way we could get any allowance for the old tables; but it was understood out in Chicago and by me that new tables were to be provided, and new tables were provided.

Mr. McCoy. But he charged less than he charges for new tables.

Dr. GRANDFIELD. I insisted that the material in the old tables ought to be of some use to the Government, and that the contractor ought to get a certain advantage out of it, otherwise I would not have bought the tables.

Mr. McCoy. I wish you would find out, by telegraph, even, when those tables were installed in the post office in Chicago.

Dr. GRANDFIELD. You have the original files there somewhere; it was put in as an exhibit; it ought to show when they were put in.

Mr. McCoy. I want to know when the work was done. It doesn't show when they were originally installed.

Dr. GRANDFIELD. You mean the original tables? They were put in when the post office moved into the new building.

Mr. McCoy. And when was that?

Dr. GRANDFIELD. Well, it was in 1904 or 1905. Some time in 1905, I think.

Mr. McCoy. In one of these letters which I sent to the Postmaster General I asked for Lynch's expense account in going around to visit the offices where these pick-up tables were installed. I have had nothing in reply, however.

Dr. GRANDFIELD. That involved sending up to the auditor's office for copies. All the information asked for in that letter has not yet been furnished us; it involved sending out to Chicago to get certain information regarding the methods, but we have not yet received any advice of any kind.

Mr. McCoy. Was that included in Lynch's expense account?

Mr. BRITT. All the items of information have been requested.

Dr. GRANDFIELD. Everything; yes. I have not seen the letters regarding Kansas City and other offices.

Mr. McCoy. How much is the current appropriation for mechanical devices?

Dr. GRANDFIELD. \$50,000.

Mr. McCoy. I would like to have a statement showing how much the Time Marking Machine Co. and the B. F. Cummins Co. have been paid out of that, and how much is contracted to be paid out of that.

Dr. GRANDFIELD. I have a statement here.

Mr. McCoy. Have you got it covering the last two years?

Dr. GRANDFIELD. From the first appropriation down to date.

Mr. McCoy. When was the first appropriation.

Dr. GRANDFIELD. The first one was in 1911.

Mr. BRITT. I don't think the department has received from you your letter asking for information regarding those three offices you mentioned—Kansas City, Mo.; Springfield, Mass.; and—

Mr. McCoy. Well, when we get through here we can run it off on the machine, but I believe you said all that information was in the way of being provided, didn't you?

Mr. BRITT. The letter has been dictated, has it not?

Dr. GRANDFIELD. Yes.

The first appropriation, Mr. McCoy, for the fiscal year 1911, was for \$25,000; for the fiscal year 1912, \$50,000; and for the current fiscal year, \$50,000. This total shows the expenditures so far made, but it does not give the dates. I notice there is one inaccuracy in it, and that is they authorized a conveyor system in Boston about six weeks ago, to cost twelve or fifteen thousand dollars; that does not seem to be on this statement.

Mr. McCoy. I will put this in as an exhibit. Do you want to add that to it?

Dr. GRANDFIELD. Perhaps, if you are not in a hurry for it; I can keep it and put the dates in, and this other item, and then hand it to you.

Mr. McCoy. All right.

Mr. BRITT. Dr. Grandfield informs me that at some time during the hearings before I came into the case, in response to your question upon some other suggestion, he explained what was referred to as his private file.

Mr. McCoy. Yes.

Mr. BRITT. And he informs me now that since that time he was going through that file and found the letters which I have in my hand, to which are attached copies of the replies. He has turned them over to me with the statement that if I felt they had any relevancy to the case in any way I should offer them to you. I will look them over, as they may have some bearing on the case, and then turn them over to you for such disposition as you may want to make of them. I think there are 9 or 10 letters here, with copies of the replies to them.

Mr. McCoy. All right, I will take a look at them.

Now, anybody going to work to-morrow? I dislike to suggest that anybody work on Sunday, but I am anxious to get through with this, and if everything required could be brought here on Monday I should like it.

Dr. GRANDFIELD. I don't think, Mr. McCoy, that anything is lacking. So far as I know, we have brought everything there is at the department bearing on this matter.

Mr. McCoy. In going through the testimony I find a number of places where apparently certain things had been requested, but which I do not find to be here. We went through the printed report yesterday with Mr. Bushnell, and called his attention to a number of things, making references to pages, which had not been furnished. These things may not be of any importance; I don't know whether they are or not, but that is just the situation.

Mr. BUSHNELL. I made a list of them, Mr. McCoy, and asked my stenographer to find them for the committee.

Mr. BRITT. You gave some hint this evening, Mr. McCoy, that the Government might have an opportunity to put in its testimony and

cross-examine witnesses on Monday. I should like to have all you know about that, because I shall want to occupy about three-quarters of an hour each with two or three of the witnesses whom you have examined, and to put on some new witnesses. So far as I can tell now, it will not require, from my examination, a great length of time, but that would be determined by questions and interruptions.

Mr. McCox. It depends largely on how unresponsive they are, I think.

Mr. BRITT. I notice you take occasion to get in a good many speeches under that responsive plea, Mr. McCoy.

Mr. McCox. I do; but only under severe provocation. No; I do not like to be disagreeable, much as some of you might imagine to the contrary from what you have seen here.

Thereupon, at 10.58 p. m., the subcommittee adjourned, to meet at 10 o'clock a. m., Monday, January 6, 1913.

COMMITTEE ON EXPENDITURES IN THE
POST OFFICE DEPARTMENT.
HOUSE OF REPRESENTATIVES.
Washington, D. C., January 6, 1913.

The committee met at 10 o'clock a. m., Hon. Walter I. McCoy presiding.

TESTIMONY OF E. T. BUSHNELL—Continued.

Mr. McCoy. Mr. Bushnell states that at page 202, a part of Exhibit 9 is a copy of the letter about which I asked him at the last hearing, written to the Universal Stamping Machine Co., asking it to send to Washington machines for test under the supervision of the canceling machine committee. The letter is dated January 20, 1912.

Mr. BUSHNELL. Letters similar to that were sent to each of the different companies.

Mr. McCox. Yes. Mr. Bushnell, in Exhibit No. 316, which is a letter which you dictated and which was signed by the Postmaster General, you state to the Assistant Attorney General, in regard to the question as to advertising for bids for 100 fast machines, as follows, among other things:

It is not believed, however, in the interest of the service to reopen the whole matter at this late day by advertising again for complete bids, as satisfactory competition has been obtained with reference to the other machines in this class. And also as to the lower-grade machines.

The words "this class" refer, I presume, to the fast machines, do they not?

Mr. BUSHNELL. Yes, sir.

Mr. McCox. What did you mean by saying that satisfactory competition had been obtained with reference to the fast machines?

Mr. BUSHNELL. Experience had shown that the bids of March 20 were very much lower than the bids of October 31, and the purpose of this advertisement, as stated heretofore, was to give the International Postal Supply Co. a chance to submit a bid.

Mr. McCox. The fact was that the Time Marking Machine Co. had bid \$270 on these high-speed machines, was it not?

Mr. BUSHNELL. Yes.

Mr. McCoy. That was the amount limited by Congress as the maximum for rental, was it not?

Mr. BUSHNELL. Yes.

Mr. McCoy. The only way in which the International Postal Supply Co. could receive any award would be by bidding \$270, or lower; is that not the fact?

Mr. BUSHNELL. Yes.

Mr. BRITT. One moment; you say the Time Marking Machine Co. had submitted a bid of \$270. When was that?

Mr. BUSHNELL. March 20, 1912.

Mr. McCoy. The result of Cummins putting in a secret bid at the October 31—or before the October 31—bidding of the other companies publicly putting in their itemized bids was that the Cummins Co., because of the readvertising, had the advantage of knowing the items and figures of the other companies, whereas the other companies did not know of the itemized figures of the Cummins Co., was it not?

Mr. BUSHNELL. Yes; that is true; but from the information which the department had in its possession it seemed to the committee—no matter from what source that came—showed conclusively that there were machines on the market that could probably be rented, and that it was in the interest of the Government to have bids from all canceling machine companies. That had been the policy for many years.

Mr. McCoy. In your testimony on Saturday you gave as a reason for instructing Mr. Slack to omit any reference to the \$270 limitation in your letter which you instructed him to prepare for the department that Dr. Grandfield had discussed before the House Committee on the Post Office and Post Roads this limitation; is that right?

Mr. BUSHNELL. That was my recollection.

Mr. McCoy. That was your recollection on Saturday?

Mr. BUSHNELL. On Saturday.

Mr. McCoy. Or was it your recollection at the time you gave the instructions?

Mr. BUSHNELL. I knew that something had been said about it.

Mr. McCoy. How did you know?

Mr. BUSHNELL. Because I knew that Dr. Grandfield's position was that it would be a mistake for Congress to put that limitation on it; the department—

Mr. McCoy (interposing). What limitation, before you go any further?

Mr. BUSHNELL. Any limitation.

Mr. McCoy. Yes. And you assumed, then, that he had discussed before the committee?

Mr. BUSHNELL. I merely gave Mr. Slack the suggestion—

Mr. McCoy (interposing). Answer my question. Did you assume that Dr. Grandfield had discussed the question of the limitation before the committee, or did you know by being informed by him that he had discussed it?

Mr. BUSHNELL. I do not recall what was in my mind at that time, but I—

Mr. McCoy (interposing). Well, answer my question.

Mr. BUSHNELL. The letter was prepared for Dr. Grandfield's action; he was due back at his office the next day. Nothing was done with the letter by myself.

Mr. McCoy. Mr. Bushnell, I want to say to you that we are in a hurry in this matter, because the Postmaster General has stated that awards are to be made on the 15th. I want to get through with this matter, so far as possible, by Wednesday of this week. You can expedite it by listening to the questions and answering the questions. Now, will the reporter kindly read that question?

The last preceding question was read as follows:

Mr. McCoy. Answer my question. Did you assume that Dr. Grandfield had discussed the question of the limitation before the committee, or did you know by being informed by him that he had discussed it?

Mr. BUSHNELL. The matter had been discussed——

Mr. McCoy. Answer my question. Did you assume that he had discussed it, or did you know from being informed by him that he had discussed it?

Mr. BUSHNELL. I do not know.

Mr. McCoy. What was it that you believed; that he had discussed the limitation of \$270?

Mr. BUSHNELL. Yes.

Mr. McCoy. The fact is that the limitation of \$270 was inserted in the bill on the floor of the House. Do you know that fact now?

Mr. BUSHNELL. Yes. But this letter was written after the bill had been passed, and it was, as I recollect, simply to furnish the committee such comments as the department desired to make, which is the custom after every bill has passed.

Mr. McCoy. Yes; such comments as had not previously been made.

Mr. BUSHNELL. Such comments as we desired to make on the bill as it passed the House.

Mr. McCoy. But you did not desire to make any comment on the \$270 limitation?

Mr. BUSHNELL. I was not making any comments on it.

Mr. McCoy. But you were instructing Mr. Slack to prepare a letter, were you not?

Mr. BUSHNELL. As a matter of routine.

Mr. McCoy. All right; I do not care whether it was a matter of routine or otherwise; Mr. Slack did prepare the letter, did he not?

Mr. BUSHNELL. I think he did.

Mr. McCoy. And it was a letter which Dr. Grandfield was to sign, was it not?

Mr. BUSHNELL. Yes.

Mr. McCoy. And Dr. Grandfield was away at the time, was he not?

Mr. BUSHNELL. Yes.

Mr. McCoy. And you instructed Mr. Slack, in the absence of Dr. Grandfield, to strike out reference to the \$270 limitation: is that a fact? Now, I do not want any explanation. Is it a fact? Mr. Britt will bring out the explanation, if you have any.

Mr. BUSHNELL. If Mr. Slack——

Mr. McCoy. I do not care anything about "if." I want to know whether it is the fact or not.

Mr. BUSHNELL. I do not recollect.

Mr. McCoy. Now, if I recollect rightly, what Dr. Grandfield has testified to, he did testify substantially to this effect, that at a certain

period the matter of assignments of canceling machines and pick-up tables in the department was in an unsatisfactory condition. Do you remember hearing the testimony to that effect?

Mr. BUSHNELL. No.

Mr. McCoy. Well, is it a fact that it was at one time in an unsatisfactory condition?

Mr. BRITT. Unsatisfactory in what way, Mr. McCoy?

Mr. McCoy. I do not remember my question. Oh, yes, I know the question—was in any way?

Mr. BUSHNELL. The assignment of the machines?

Mr. McCoy. The matter, the general matter of handling the assignment of canceling machines and pick-up tables—I will limit it to canceling machines—was in an unsatisfactory condition?

Mr. BUSHNELL. The general matter of handling the assignment?

Mr. McCoy. Yes.

Mr. BUSHNELL. I do not know.

Mr. McCoy. Dr. Grandfield, did you not testify to that effect, and that you and Mr. Bushnell took the matter over so that it should be handled satisfactorily?

Dr. GRANDFIELD. The assignment of the machines? Yes; I did.

Mr. McCoy. I thought so; that was my recollection of your testimony. Now, it is the fact that some time ago that matter of handling assignments was taken over and handled by Dr. Grandfield and yourself, or by Dr. Grandfield and you acting under him; is that the fact?

Mr. BUSHNELL. That is the fact.

Mr. McCoy. Now, about when was that?

Mr. BUSHNELL. About two and one-half years ago, as near as I can recollect.

Mr. McCoy. And prior to that date and time, two and a half years ago, how had the matter been handled, or by whom had it been handled in the bureau?

Mr. BUSHNELL. By the Salaries and Allowances Division, through the superintendent of the division.

Mr. McCoy. Now, the result is, then, I assume, that you have acquired quite a little experience and knowledge of the matter of canceling machines and handling the assignments of them in that interval of two years and a half—that period of two years and a half?

Mr. BUSHNELL. Yes.

Mr. McCoy. What experience, if any, had the other members of the canceling machine committee had in regard to the matter?

Mr. BUSHNELL. Mr. Wood is an old post-office man. That is, he was one of our field assistant superintendents who was in the field for a number of years, where he acquired a considerable knowledge of the general workings of post offices and the needs for canceling machines, their purposes, etc.

Mr. McCoy. Was not Mr. Wood assistant superintendent of the Salary and Allowance Division at the time when the work was taken over by Dr. Grandfield and you, as you have testified?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. What experience had the other members of the canceling machine committee had in the matter before they reported, either under the bids of October 31, 1911, or the bids of March 20, 1912?

Mr. BUSHNELL. Mr. Merritt had been in the Washington post office in various capacities for a number of years, and was at that time postmaster of Washington.

Mr. McCoy. Well, now, just hurriedly go through the others.

Mr. BUSHNELL. Mr. Andrus has been connected with the department for a number of years.

Mr. McCoy. Well, in what capacity?

Mr. BUSHNELL. As the superintendent of the mail-lock shop.

Mr. McCoy. That is where they repair locks used in the Post Office Department?

Mr. BUSHNELL. Yes. Mr. Waters, who was originally assigned to the committee—

Mr. McCoy (interposing). Now, he did not act on it; cut him out.

Mr. BUSHNELL. Mr. Robinson was an old post-office inspector.

Mr. McCoy. He did not sign the report; cut him out.

Mr. BUSHNELL. That is all of the committee.

Mr. McCoy. Yes. Was any member of that committee an experienced machinist?

Mr. BUSHNELL. Mr. Andrus.

Mr. McCoy. How long was his experience in that capacity?

Mr. BUSHNELL. I do not know.

Mr. McCoy. Now, is it not the fact that the other members of the committee relied largely on you to take the initiative in pushing through the matter of determining on these machines and preparing reports, etc.?

Mr. BUSHNELL. As a general proposition in all committees one man is—

Mr. McCoy. Well, answer my question. Let the stenographer read the question.

Here the stenographer read the last preceding question, as follows:

Now, is it not the fact that the other members of the committee relied largely on you to take the initiative in pushing through the matter of determining on these machines and preparing reports, etc.?

Mr. McCoy. And you in this instance were that man, were you not?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Now, I want you to think carefully before you answer this question: Did you, before the final report, which is dated August 31, 1912, was put into its final shape, prepare any other draft of a report for the purpose of having it adopted if the committee saw fit to do so?

Mr. BUSHNELL. No, sir; there was no report prepared except the one finally adopted, except as I have stated heretofore, the matter was written out and different phrases changed from time to time; but no complete draft of any report until—it would not be a report until finally adopted.

Mr. McCoy. Oh, I understand that; but my question said a draft of what it was proposed should become a report, whether it did become such or not.

Mr. BUSHNELL. I think I stated on Saturday that I dictated various paragraphs of the report and submitted them to the members of the committee.

Mr. McCoy. You did so state on Saturday, and you said that those various paragraphs were drafted by you in an attempt to embody in them what had been agreed upon at a conference of the members of the committee.

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Previously?

Mr. BUSHNELL. Yes.

Mr. McCoy. Now, did you draft anything that had not been previously agreed upon tentatively at a meeting or meetings of the committee?

Mr. BUSHNELL. I don't think so.

Mr. McCoy. This happened last summer?

Mr. BUSHNELL. I have already stated that I wrote the report.

Mr. McCoy. I understand all that; but my question is perfectly clear and distinct.

Mr. BUSHNELL. But I wrote it subject to the approval of the other members of the committee, of course.

Mr. McCoy. Surely; I understand that. But I want to know whether you drafted anything which you submitted for consideration to the members of the committee, except such things as had previously been talked over by the committee and which the committee had requested you to put into the form of a draft, either a paragraph or an entire report, and submit to them?

Mr. BUSHNELL. I do not recall any such thing.

Mr. McCoy. Who is your stenographer?

Mr. BUSHNELL. Mr. Cady.

Mr. McCoy. Mr. Slack, will you call up Mr. Cady and tell him he is wanted up here, and tell him to bring with him his minute books of last June, July, and August, and tell him that I want him here before 1 o'clock. Was Mr. Cady your stenographer in November and December and January and February, 1911-12?

Mr. BUSHNELL. Yes.

Mr. McCoy. Mr. Slack, ask him to bring up his minute books of November and December, 1911, and January and February, 1912, with Mr. Bushnell's dictation.

Now, coming to the bids of October 31, 1911, your committee, as it was then constituted, submitted to the Postmaster General what you designate as a preliminary report, did it not?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Prior to the submission of that preliminary report had you prepared what you proposed to recommend or suggest, or what you were prepared to recommend or suggest as a report on the biddings of October 31?

Mr. BUSHNELL. I prepared no report until the one that was sent to the Postmaster General.

Mr. McCoy. Will you oblige me by reading my question again?

Here the stenographer read the last preceding question, as follows:

Mr. McCoy. Prior to the submission of that preliminary report had you prepared what you proposed to recommend or suggest, or what you were prepared to recommend or suggest as a report on the biddings of October 31?

Mr. BUSHNELL. I don't remember what I dictated.

Mr. BRITT. I think his answer was responsive, if I understood it. He said he prepared no report at all.

Mr. McCoy. Oh, no, Mr. Britt. Let us not, you and I, get into a discussion. I did not say or intimate that he had prepared a report, but what he was prepared to recommend as a report. Now, he did finally prepare what became the report; I have excluded that; that is the so-called preliminary report. Now, I want to know whether he prepared anything in the shape of a draft which he was proposing to himself or to anybody to recommend as a report to the Postmaster General. The question is perfectly plain. I have a notion that he has answered by saying, "I don't remember," but I will ask him to answer the question again.

Mr. BUSHNELL. There was no draft of any report made until the one of December 15.

Mr. McCoy. Mr. Bushnell, what do you mean by the draft of a report?

Mr. BUSHNELL. What would be written for the members of the committee to read and approve, or not, as they saw fit.

Mr. McCoy. Did you at that time take the initiative, or was the burden put upon you of drawing something to submit to the committee?

Mr. BUSHNELL. Surely, and——

Mr. McCoy (interposing). Very well, all right; surely. Now, did you prepare anything which you thought of submitting to the committee prior to the time when you drew what subsequently became the committee's preliminary report?

Mr. BUSHNELL. I have no recollection of preparing anything but a report; it may not have been in exactly the same language that the report was finally in—the same as any report——

Mr. McCoy (interposing). Well, yes; have you any recollection, then, of having prepared something for the purpose of submitting it to the committee which was not just the same as what finally was submitted to and adopted by the committee?

Mr. BUSHNELL. I never wrote a report in my life, Mr. McCoy, that I did not change myself a half a dozen times before——

Mr. McCoy. Will you answer? Well, I guess that answers.

Mr. BUSHNELL. That is, in the matter of language.

Mr. McCoy. Well, I don't care; we will not discuss the details. Well, now, you did, then, prepare something which you thought might be a report, which was different from what you finally did report; is that not so?

Mr. BUSHNELL. Undoubtedly in language——

Mr. McCoy. I don't care. You prepared something that was different.

Mr. BUSHNELL. I don't know whether I did or not.

Mr. McCoy. You testified a minute or two ago that you never in your life prepared what became a final report without having previously prepared something which was in language somewhat different.

Mr. BUSHNELL. That is quite natural.

Mr. McCoy. That is quite natural; well, now, I thought I had gotten you away from what was natural to something that happened. You did swear a few minutes ago that never in your life had you prepared something that finally became a report without having previously drawn other tentative reports which were somewhat different in language.

Mr. BUSHNELL. Well, that was a general statement. I did not say that that actually happened.

Mr. McCoy. Well, you did say so. Now, I have got to go back. Did you in this particular case of this bidding of October 31 draw anything which, in your mind, you thought you might suggest to the committee as a report?

Mr. BUSHNELL. Well, not having any papers that I prepared at that time, except the report as it was finally approved by the committee, I am unable to state now the exact language of any memorandum or any draft that I made.

Mr. McCoy. Did I ask you to state the exact language?

Mr. BUSHNELL. But you asked whether or not I did prepare a report.

Mr. McCoy. Well, if what you did draw, if you drew anything other than this preliminary report, was in exactly the same language as this preliminary report, then you were wasting the Government's time, both your own and the typewriter's, and everybody's else, were you not? Now, I am going to ask you directly, after the bids of October 31 were opened, did you prepare and submit to Dr. Grandfield, for any purpose, anything that was different from that report which was the preliminary report?

Mr. BUSHNELL. Submit to Dr. Grandfield?

Mr. McCoy. Yes; that is what I asked.

Mr. BUSHNELL. I have no recollection of it.

Mr. McCoy. None whatever?

Mr. BUSHNELL. No.

Mr. McCoy. Did you show Dr. Grandfield this exhibit, No. 315 [handing paper to witness]?

Mr. BUSHNELL. Possibly I did—

Mr. McCoy. But did you? I don't care—don't answer me "possibly" any more; I don't care whether you "possibly" did or not. Did you?

Mr. BUSHNELL. I do not know.

Mr. McCoy. You mean you don't remember, don't you; because if you remember, you know? Do you remember whether you did or not?

Mr. BUSHNELL. I do not.

Mr. McCoy. Did you ever discuss it with him in any way, shape, or manner?

Mr. BUSHNELL. I don't remember.

Mr. McCoy. Dr. Grandfield, subsequent to the time when these bids were opened, on October 31, 1911, and prior to the time of the submission of the preliminary report, did Mr. Bushnell show you anything which he had drafted as a suggestion for a report or as a final report or a preliminary report?

Dr. GRANDFIELD. No; he did not. He showed me this paper [indicating] since the hearing began.

Mr. McCoy. I am not referring now to Exhibit 315. But did he, between the time when the bids were opened, October 31, 1911, and the time when that preliminary report was finally drafted, show you anything which he suggested to you or which had anything to do with the question of a report on these bids of October 31?

Dr. GRANDFIELD. If he did, I have no recollection of it.

Mr. McCoy. Mr. Stoddard?

Mr. STODDARD. Yes, sir.

Mr. McCoy. Did you, subsequent to the 31st of October, 1911, and prior to the making of this preliminary report on the bids of October 31, have any conversation with Dr. Grandfield in regard to the matter of the bids or the report to be made or what not?

Mr. STODDARD. You mean after the bids were opened?

Mr. McCoy. After they were opened.

Mr. STODDARD. I called at the department—I suppose that I should be able to fix the date by sending for my diary of that time—I think some time in December. I went into Dr. Grandfield's room and I asked him if the committee had made a report. He replied, "Yes; several. That committee don't know how to make a report."

Mr. BRITT. When was this?

Mr. STODDARD. When?

Mr. BRITT. Yes.

Mr. STODDARD. I stated to the best of my recollection it was some time in December.

Mr. BRITT. Do you remember whether it was before or after the 15th of December, the date of the submission of this preliminary report?

Mr. STODDARD. I could not say; I would have to get my diary to determine.

Mr. BRITT. Then, you do not know whether Dr. Grandfield's answer to you related to this report or not?

Mr. STODDARD. I did not even know that there was a preliminary report made.

Mr. McCoy. But you gathered from Dr. Grandfield that there had been no report made to the Postmaster General, did you not?

Mr. STODDARD. That was my understanding. My understanding was that several tentative reports had been written.

Mr. BRITT. It seems to me that Mr. Stoddard's testimony is unilluminating unless he can fix the date.

Mr. STODDARD. Fix the date?

Mr. McCoy. Mr. Britt says that your testimony is unilluminating unless we can fix the date. Well, Mr. Bushnell is an illuminant; we will try to have him illuminate the thing.

Mr. BUSHNELL. Thank you.

Mr. McCoy. Now, then, Mr. Bushnell, I have asked you a lot of questions about any reports, tentative or suggestive or otherwise, prepared by your committee or by you, prior to the 15th of December, 1911. Now, I ask you whether any reports, tentative, suggestive, or of any kind or description, regardless of whether they ever became final or did not become final, were drawn by you or any member of the committee, between the 15th of December, 1911, and the date when you recommended to the Postmaster General that bids be advertised for again?

Mr. BUSHNELL. No, sir; there was no report except the one—

Mr. McCoy (interposing). Now, Dr. Grandfield, I ask you the same question. Have you heard it?

Dr. GRANDFIELD. Yes.

Mr. McCoy. I ask you to answer that question as if it were addressed to you.

Dr. GRANDFIELD. Whether the canceling-machine committee had made any report?

Mr. McCoy. Will the stenographer please read the question as though it were addressed to Dr. Grandfield? Dr. Grandfield, now if you will just hear the question read and apply it to yourself.

Here the stenographer read the last preceding question, as follows:

Mr. McCoy. Now, then, Mr. Bushnell, I have asked you a lot of questions about any reports, tentative or suggestive or otherwise, prepared by your committee, or by you, prior to the 15th of December, 1911. Now, I ask you whether any reports, tentative, suggestive, or of any kind or description, regardless of whether they ever became final or did not become final, were drawn by you, or any member of the committee, between the 15th of December, 1911, and the date when you recommended to the Postmaster General that bids be advertised for again?

Mr. McCoy. Now, I ask you that question, Dr. Grandfield.

Dr. GRANDFIELD. If any reports were made by Mr. Bushnell, or any member of the committee other than the ones that are of record, I have no knowledge of them. Does that answer your question?

Mr. McCoy. I do not think it does, quite. Read the question.

Here the stenographer again read the last preceding question.

Mr. McCoy. Now, all right, I have got what I want. Now, Dr. Grandfield, my question was as to reports—tentative, suggestive, or otherwise—whether they ever became final or not, whether they were transmitted to the Postmaster General. Now, you answered “No reports.” You intended your answer to cover its full scope, did you not?

Dr. GRANDFIELD. So far as the members of the committee are concerned, yes. I have no knowledge of any actual reports, tentative reports, or suggestive reports, other than those of record.

Mr. McCoy. Have you any knowledge of anyone other than the committee having prepared a tentative or suggestive report?

Dr. GRANDFIELD. Well, at present I have no knowledge; but that is a pretty broad question; there might be a great many men that were called upon to make a report, but, so far as I know, none of them did.

Mr. McCoy. No; I mean reports as to what should be done with these bids. There would not be anybody in the department except the committee or yourself, would there, who would have any functions to perform in that respect?

Dr. GRANDFIELD. No; but your question said “anybody.” The purchasing agent might have made a report, or might have been called upon to make a report.

Mr. McCoy. But there would not be anybody else, would there?

Dr. GRANDFIELD. The chief clerk or the chief post-office inspector might.

Mr. McCoy. Well, you do not know of any?

Dr. GRANDFIELD. I do not know of any reports, tentative or otherwise, made by any member of the committee, or anybody else.

Mr. McCoy. I am referring now, and I understand you are confirming your answer, to the period subsequent to the making of the preliminary report, so called.

Dr. GRANDFIELD. Yes; you can go further, and say prior to the making of the preliminary report. If any such report was ever made by anybody, I have no recollection of it.

Mr. McCoy. Now, Mr. Bushnell, when you and the members of the committee were in Chicago as you have testified, did you see Mr. Lynch in the Chicago post office?

Mr. BUSHNELL. I think so.

Mr. McCoy. Don't you know?

Mr. BUSHNELL. No; I don't recollect now. If he was there——

Mr. McCoy (interposing). Oh, if he was there you saw him. I asked you whether you saw him or not. I don't want any "ifs" about it. How about Mr. Gasman, did you see him?

Mr. BUSHNELL. I presume so.

Mr. McCoy. I don't care what you presume. Did you see him?

Mr. BUSHNELL. I do not recollect.

Mr. McCoy. Did you see Mr. Galbraith?

Mr. BUSHNELL. If he was at his office I saw him.

Mr. McCoy. Did you see him?

Mr. BUSHNELL. I don't recollect.

Mr. McCoy. Did you see Mr. Madigan?

Mr. BUSHNELL. Same answer.

Mr. McCoy. Well, that is not——

Mr. BUSHNELL. I don't recollect.

Mr. McCoy. Did you see the postmaster of Chicago?

Mr. BUSHNELL. I don't recollect.

Mr. McCoy. Did you see anybody; did you see a post-office clerk?

Mr. BUSHNELL. Yes.

Mr. McCoy. How do you know?

Mr. BUSHNELL. The office would not be running if the clerks were not there.

Mr. McCoy. Well, that is one of your supposititious answers. How do you know you saw a clerk out there? I mean, have you any recollection that you saw anybody?

Mr. BUSHNELL. Yes.

Mr. McCoy. Whom did you see?

Mr. BUSHNELL. I saw the post-office clerks.

Mr. McCoy. Can you recall the name of any one of them?

Mr. BUSHNELL. No.

Mr. McCoy. Did you ever see one of them before that time?

Mr. BUSHNELL. I do not know them personally.

Mr. McCoy. Did you see anybody out there whom you had ever seen before?

Mr. BUSHNELL. You asked me whether I had seen those persons that you named.

Mr. McCoy. Do not answer my question that way. Did you see anybody in Chicago at the time you were out there with the committee whom you had ever seen before that time?

Mr. BUSHNELL. Undoubtedly I did, Mr. McCoy.

Mr. McCoy. I don't want any of those "undoubtedlylies." I want to know whether you did or not. If you do not recollect, say so.

Mr. BUSHNELL. I do not think your question is a fair one.

Mr. McCoy. You answer it; if you do not recollect, say so; you are at perfect liberty to do so.

Mr. BUSHNELL. I do not think that is a good answer.

Mr. McCoy. Well, you can take my word for it that I will be satisfied with it if you do not think so.

Mr. BUSHNELL. Because I want to explain each name.

Mr. McCoy. I do not want any explanations. I want to know what your present recollection is, as to whether or not when you were there with the committee, the canceling machine committee, you saw anybody whom you had ever seen before; I will give you this much leeway—and whom you knew by name.

Mr. BUSHNELL. Undoubtedly I did.

Mr. McCoy. I say I do not want your "undoubtedlylies"; I want your present recollection.

Mr. BUSHNELL. I did, then, if that is better.

Mr. McCoy. Well, then, that is better; that is what I tried to get from you a few minutes ago. Now, whom did you see out there at that time whom you had ever seen before and whose name you knew?

Mr. BUSHNELL. Well, I could not recollect that now, Mr. McCoy.

Mr. McCoy. Well, then, how do you recollect that you did see anybody whom you had ever seen before?

Mr. BUSHNELL. I don't think those are fair questions.

Mr. McCoy. Excuse me; your answer is impertinent. Mr. Britt is here to protect you, if you need it, and when Mr. Britt makes the objection that the question is unfair, then I will discuss the question with him, and not with you.

Mr. BRITT. One moment. If you don't know and if you don't recollect, say that you don't recollect; if you don't recollect, say so; if you do, give what you know.

Mr. BUSHNELL. I do not recollect whom I saw by name.

Mr. McCoy. But you do recollect, if I remember your testimony rightly, that you did see somebody out there whom you had previously seen and known by name?

Mr. BUSHNELL. Necessarily, that is a presumption that I did.

Mr. BRITT. Do you recollect seeing anybody that you knew by name, Mr. Bushnell, when you were there?

Mr. BUSHNELL. Yes.

Mr. McCoy. Follow it up, will you, Mr. Britt? He will answer you better than he will answer me.

Mr. BRITT. Give the name, if you recall it.

Mr. BUSHNELL. I recollect now that Mr. Madigan was there. I am not certain whether Mr. Lynch was there at that time or not, but I believe he was.

Mr. McCoy. Will you ask him about Mr. Gasman and Mr. Galbraith, Mr. Britt?

Mr. BRITT. You have stated that you recollect that Mr.—what was the first name?

Mr. BUSHNELL. Mr. Madigan. Mr. Galbraith I don't recollect.

Mr. BRITT. That Mr. Madigan was there, but you don't recollect whether Mr. Lynch was there; is that what you said?

Mr. BUSHNELL. I believe he was there.

Mr. BRITT. You think he was. Do you recollect whether Mr. Gasman was there?

Mr. BUSHNELL. On that specific visit I do not recollect whether Mr. Gasman was there or not. You see, Mr. Britt, I have been in Chicago half a dozen times, and I don't remember.

Mr. McCoy. Well, Mr. Britt, that will not be responsive; I want to keep this down.

Mr. BRITT. Your answer is sufficient if it is to the extent of your *knowledge*.

Mr. McCoy. Mr. Galbraith—did he cover him?

Mr. BRITT. He says that he does not recollect.

Mr. McCoy. Is there a machine shop in Chicago used in connection with the post office out there?

Mr. BUSHNELL. What was your question, Mr. McCoy?

Mr. McCoy. I will ask the stenographer to read it.

Here the stenographer read the last preceding question, as follows:

Mr. McCoy. Is there a machine shop in Chicago used in connection with the post office out there?

Mr. BUSHNELL. They have a mechanical division, a mechanical branch of the post office in Chicago, because of the large amount of—

Mr. McCoy (interposing). No explanations; we do not care why they have it there at all.

Mr. BUSHNELL. Mechanical machinery.

Mr. McCoy. You say mechanical department; is that in a separate building?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Is it in the post-office building?

Mr. BUSHNELL. It is in the—

Mr. McCoy. Where is it?

Mr. BUSHNELL. It is in the post-office building, so far as I know.

Mr. McCoy. Wait a minute; I thought you knew. Did you ever see it?

Mr. BUSHNELL. Yes.

Mr. McCoy. Then, where is it?

Mr. BUSHNELL. I have seen a part of it; I don't know if it is all of it or not. In the main part of the post office they have screened off what appears to be a machine shop, or rather a place for repairing parts of the mechanical devices used in the Chicago office, of which there are a large number.

Mr. McCoy. Including repairs on canceling machines and pick-up tables?

Mr. BUSHNELL. I do not know whether they repair canceling machines there or not.

Mr. McCoy. What is the equipment of what you have seen and which you call a mechanical department?

Mr. BUSHNELL. It is simply a—

Mr. McCoy. Simply a small machine shop?

Mr. BUSHNELL. Simply a small repair shop.

Mr. McCoy. Have they lathes in there?

Mr. BUSHNELL. I do not know what is in it.

Mr. McCoy. You have seen it?

Mr. BUSHNELL. I have simply seen it, walking around; it is separated from the post office by a wire screen.

Mr. McCoy. You never got in behind the wire screen?

Mr. BUSHNELL. I do not recollect that I was ever there.

Mr. McCoy. Did you look through the wire screen?

Mr. BUSHNELL. Walking through the building, one could hardly fail to do that.

Mr. McCoy. Did you—did you? I don't know; you might walk through the building with your back turned toward it.

Mr. BUSHNELL. I do not know. I don't think I went in there.

Mr. McCoy. I did not ask you whether you did or did not. I asked you whether you looked through the screen and saw what was in there.

Mr. BUSHNELL. I have not the slightest idea what was in there, except that it looked like a machine ship. I never examined any tools.

Mr. McCoy. I did not say you did. I did not think you did. I did not imagine you did.

Mr. BUSHNELL. Well, I simply got the idea that it was something of that kind.

Mr. McCoy. Oh, you got the idea that it was a place to repair things for the Post Office Department?

Mr. BUSHNELL. Certainly. It was maintained for that purpose; it was part of the mechanical department, which is very large.

Mr. McCoy. Who has charge of that repair shop, or simulacrum of a repair shop—what appears to be a repair shop?

Mr. BUSHNELL. Well, I do not know. I think Mr. Madigan is the head of it; but that is not in my line at all; I do not—

Mr. McCoy (interposing). Well, what makes you think so? What makes you think that Mr. Madigan—

Mr. BUSHNELL (interposing). Because Mr. Madigan is a mechanic and belongs to the mechanical department there. Now, whether he is in charge of it is not a matter that I have anything to do with, and I do not say positively that that is so.

Mr. McCoy. Well, did you ever hear that it was so?

Mr. BUSHNELL. I do not know that I ever heard anything about it.

Mr. McCoy. Have you heard it testified to right here in this hearing?

Mr. BUSHNELL. I do not recall it. I was not paying attention if it was.

Mr. McCoy. When your committee was in Boston making tests, with reference to the bidding of March 20, 1912, did it examine a No. 1 hand-power machine of the American Postal Machines Co.?

Mr. BUSHNELL. I think so.

Mr. McCoy. Can you not say whether you did or not?

Mr. BUSHNELL. We examined all the machines that Mr. Stoddard had to show us.

Mr. McCoy. Did you examine a No. 1 hand-power machine of the American Postal Machines Co.?

Mr. BUSHNELL. I believe we did. That is what we were there for; we were there to examine such machines as Mr. Stoddard—

Mr. McCoy (interposing). Did you examine a No. 1 hand-power machine of the American Postal Machines Co.?

Mr. BUSHNELL. I do not recollect now.

Mr. McCoy. Did you at that time examine a No. 1 hand-power machine of the American Postal Machines Co. with a one-eighth horsepower motor, or any other kind of a motor, attached to it and running?

Mr. BUSHNELL. Yes; we did.

Mr. McCoy. Now, I ask you if you examined a No. 1 hand-power machine of the American Postal Machines Co. without such motor attached to it?

Mr. BUSHNELL. Well, I do not remember now whether we ran the machine by hand after that or not. That is the machine that—

Mr. McCoy (interposing). Did you examine such a machine—whether you ran it by hand or you did not run it by hand? All right; now answer the question. Let the stenographer read it.

The stenographer read the last question, as follows:

Mr. McCoy (interposing). Did you examine such a machine—whether you ran it by hand or you did not run it by hand?

Mr. BUSHNELL (examining paper). We examined the machine with the motor, but I do not find any memorandum that we examined the one without the motor. We examined that one in Washington.

Mr. McCoy. You say you do not find any figures of an examination of the No. 1 hand-power machine without motor in Boston; is that what you said?

Mr. BUSHNELL. That is right; yes, sir.

Mr. McCoy. And you say that because you are looking at certain memoranda; is that right?

Mr. BUSHNELL. To refresh my memory; yes.

Mr. McCoy. You have a right to, and I do not object. Do you find any figures of the examination made by your committee in Boston of the No. 1 hand-power machine of the American Postal Machines Co., as operated with a motor?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Was that a one-eighth horsepower motor?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Let me see those figures.

Witness hands papers to Mr. McCoy.

Mr. BUSHNELL. We subsequently—

Mr. McCoy. Do not go ahead now.

Mr. BUSHNELL. Tested that machine in Washington.

Mr. McCoy. You show me a paper which is headed "No. 1 hand power, with motor attached, American Postal Machines Co., disconnected and operated by hand."

Mr. BUSHNELL. Then we did examine the hand machine.

Mr. McCoy. Yes. I find here a schedule of tests—two schedules of tests. Is the first schedule the showing of that machine made as operated by hand in the Boston post office?

Mr. BUSHNELL (examining paper). Yes, sir.

Mr. McCoy. And is the second—

Mr. BUSHNELL (interposing). The second is with the motor.

Mr. McCoy. With the motor?

Mr. BUSHNELL. I merely read from the headline, and I thought from that that we had perhaps not examined the hand machine because we had examined the other.

Mr. McCoy. Yes. Who gave you these figures on the paper which you now show me?

Mr. BUSHNELL. I think those were taken from the memorandum we made at that time.

Mr. McCoy. Well, who made the memorandum?

Mr. BUSHNELL. Mr. Andrus was the timekeeper on those—

Mr. McCoy (interposing). Well, then, they were made by him?

Mr. BUSHNELL. Oh, yes.

Mr. McCoy. Then, why didn't you say so?

Mr. BUSHNELL. They may have been made by myself, however. I may have put the figures in on some of those occasions.

Mr. McCoy. I offer in evidence a tabulation of results in Boston on the test of the American Postal Machines Co.'s No. 1 hand power, with and without motor attached. It is Exhibit 318.

Mr. Bushnell, in your report of August 31, 1912, being Exhibit 313, did you make any reference in any way to the results of those tests? Here is the exhibit [handing paper to witness]; you had better take a look at it before you answer the question. Just take a careful look at it.

Mr. BRITT. Mr. McCoy, I wish you would modify this question so as to state the source of the exhibit, and also explain the notations on it. You might strike that out and start a new question.

Mr. McCoy. Well, the witness produced the exhibit.

Mr. BRITT. You do not say in your statement the source of it.

Mr. McCoy. We will say the exhibit referred to is produced by the witness. I do not find any notations on it.

Mr. BRITT. The pencil names here [indicating].

Mr. McCoy. I do not know; those were on it when it was handed to me.

Mr. BRITT. All right, then, no explanation is necessary.

Mr. BUSHNELL. No; there is no specific reference—no reference to those specific tests in the report.

Mr. McCoy. Why not?

Mr. BUSHNELL. There is no reference to the tests of any of the hand machines.

Mr. McCoy. Why not? Why not?

Mr. BUSHNELL. Because we knew that machine already.

Mr. McCoy. Then why did you make any tests of it?

Mr. BUSHNELL. There were 400 of them in the service.

Mr. McCoy. Under the proposal of the Cummins Co., or the bid of the Cummins Co., of March 20, 1912, does that company propose to furnish a pedestal for the No. 11 machine?

Mr. BUSHNELL. No, sir.

Mr. McCoy. It does not?

Mr. BUSHNELL. No, sir; it is a portable machine; it sits on the table.

Mr. BRITT. I did not understand that.

Mr. BUSHNELL. It is a portable machine; it may be put on the table.

Mr. McCoy. Well, what is the bid of the Cummins Co. on that No. 11, March 20, 1912?

Mr. BUSHNELL. \$86 for 50 or more; \$76 for 100 or more; \$66 on the basis on the entire number in the grade.

Mr. McCoy. Your committee in its report, I believe, compared the No. 11 Cummins machine with the No. 1 hand-power machine of the American Postal Machines Co., did it not?

Mr. BUSHNELL. Yes.

Mr. McCoy. I mean you treated them as being in the same class?

Mr. BUSHNELL. Same class; yes.

Mr. McCoy. Now, I want to call the attention of everybody to Exhibit T, on page 51, the letter of December 9, addressed to the

American Postal Machines Co., at the bottom of the page, saying "300 No. 1 hand-power machines, at \$76 each." The bid of the American Co. was \$70, not \$76, was it not?

Mr. BUSHNELL. I think it was, and that is an error.

Mr. McCoy. I just wanted to call attention to the error. It is evidently a typographical error, and I wanted to correct the exhibit. No; it is not a typographical error, but it was in the letter that way. And it was put in the exhibit, and I want to call attention to that.

Mr. BUSHNELL. \$70.

Mr. McCoy. \$70 is the right bid?

Mr. BUSHNELL. \$70 is the right bid.

Mr. BRITT. Was it in that letter, Mr. McCoy?

Mr. McCoy. I believe it was.

Mr. BUSHNELL. \$70 for 200 or more.

Mr. McCoy. The letter that you got, Mr. Stoddard, said \$76, did it not?

Mr. STODDARD. Yes, sir.

Mr. BRITT. Let us put this statement in the record, then.

Mr. McCoy. What is that?

Mr. BRITT. Let us put this statement in the record, that the statement "300 No. 1 hand-power, at \$76 each," near the bottom of page 51, should read "300 No. 1 hand-power, at \$70 each."

Mr. McCoy. In order to conform with the bid which was put in. But the original letter was sent out with \$76, I presume, through an error.

Mr. BUSHNELL. You will find, Mr. McCoy, in the recommendation of the committee that it certainly is an error.

Mr. McCoy. I understand it is an error, and that is all there is about it. The American Postal Machines Co. did bid \$70 for its No. 1 hand-power machine, without a motor, for how many?

Mr. BUSHNELL. Two hundred or more.

Mr. McCoy. Is the No. 11 Cummins hand-power machine equipped for a motor furnished with or without a pedestal?

Mr. BUSHNELL. Without a pedestal. The motor is——

Mr. McCoy. I did not want any discussion of that; answer my question.

Mr. BRITT. One moment, Mr. McCoy. I did not understand the question at all.

Mr. McCoy. He was going to give an explanation.

Mr. BRITT. I did not understand the answer.

Mr. McCoy. He said without a pedestal, and that answered my question; that is all.

Mr. BRITT. Well, I did not understand that.

Mr. McCoy. All right. The bid of the Cummins Co. of March 20 for No. 11 hand-power machine, equipped for a motor——

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Was \$104 for how many?

Mr. BUSHNELL. One hundred or more.

Mr. McCoy. And the bid of the American Postal Machines Co. of March 20, 1912, for a No. 1 hand-power machine, equipped for a motor, was \$90 for how many?

Mr. BUSHNELL. Two hundred or more.

Mr. McCoy. The award which the committee proposed to make to the Cummins Co. was 200 of those hand-power machines No. 11.

equipped for a motor, at \$104 each; 250 No. 11 hand-power, without the motor, at \$76 each. I am reading from page 51. The award which it was proposed to make to the American Postal Machines Co. was 300 No. 1, equipped for motor, \$90 each; 300 No. 1 hand-power, without motor, at \$70 each. The two kinds of No. 1 machines of the American Co. are furnished equipped with a pedestal, are they not?

Mr. BUSHNELL. Yes.

Mr. McCoy. Were you aware of that fact when you recommended the award?

Mr. BUSHNELL. Certainly.

Mr. McCoy. Were you aware of the fact that the two Cummins machines No. 11 were not equipped with the pedestal when you recommended the award?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Did you take the difference into consideration?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. And what weight did you give to it?

Mr. BUSHNELL. It is of entirely different construction; a machine operated entirely different.

Mr. McCoy. Did you take into consideration the fact that in the case of the one machine a pedestal was furnished and in the case of the other no pedestal was furnished?

Mr. BRITT. He said he did.

Mr. BUSHNELL. I did.

Mr. McCoy. You did. Now, why didn't you mention the fact in your report?

Mr. BUSHNELL. Because the pedestal is not material to the machine.

Mr. McCoy. Well, now, is it material to the price of the machine?

Mr. BUSHNELL. I do not know why it should be.

Mr. McCoy. Mr. Stoddard, for how much less would you bid, or would you have bid, for No. 1 hand-power machines equipped with motor and No. 1 hand-power machine not equipped with motor if you did not bid to furnish the pedestals for those machines?

Mr. STODDARD. Ten dollars to twelve dollars.

Mr. McCoy. Mr. Bushnell, did the committee ever inquire into that circumstance or ascertain whether or not there would be that difference?

Mr. BUSHNELL. Certainly not. There was no occasion to go into that proposition.

Mr. BRITT. One moment. Upon what ground do you state, Mr. Stoddard, that it would make a difference of \$10 or \$12?

Mr. STODDARD. If I may be allowed—

Mr. BRITT. Well, answer the question, Mr. Stoddard.

Mr. STODDARD. That was what I was going to do. In case of any machine—a typewriter has to be supported at the height that it is conveniently operated.

Mr. BRITT. Yes; I understand.

Mr. STODDARD. Therefore a pedestal or table or some support has to be provided by somebody.

Mr. BRITT. I understand that clearly.

Mr. STODDARD. The expense in our case is included in the price asked for the machine. It is not necessarily a part of the machine, for the machine itself can be placed on this table and operated.

There are two hand-power machines of ours in Alaska which, at the request of the department, were sent without a pedestal on account of the cost of getting them to those remote places.

Mr. BRITT. I am asking what constitutes the difference of \$10 or \$12 in the case of the pedestal?

Mr. STODDARD. Oh, the castings and machine work.

Mr. BRITT. How much a piece?

Mr. STODDARD. How much?

Mr. BRITT. Yes.

Mr. STODDARD. The casting weighs about 120 pounds.

Mr. BRITT. And you estimate that it would cost \$10 or \$12, or do you know that as a fact?

Mr. STODDARD. I know that.

Mr. BUSHNELL. Can I make a statement, as chairman of the canceling machine committee?

Mr. STODDARD. I beg your pardon for not clearly understanding your question, Mr. Britt. I should have answered it correctly if I had.

Mr. BRITT. Mr. McCoy, Mr. Bushnell wants to make an explanation of something here.

Mr. McCoy. If it is something we were talking about, all right.

Mr. BUSHNELL. Is it not a matter of absolutely personal judgment as to whether a pedestal is or is not part of the canceling machine?

Mr. STODDARD. No, sir.

Mr. BUSHNELL. Well, I would beg to differ with you. The canceling machine committee considered that the method of the peculiar construction of the No. 11 machine of the Cummins Co.—the manner in which the motor is attached and which drives the machine—was a special advantage. The fact that it is portable—it can be carried from one table to another—and the entire simplicity of the machine made it an especially desirable feature to introduce into the postal service. I think it is entirely a matter of personal opinion as to whether the machine will operate best with a pedestal or on the table.

Mr. McCoy. Mr. Stoddard, can your two No. 1 hand-power machines be operated on a table.

Mr. STODDARD. Certainly.

Dr. GRANDFIELD. May I ask a question, Mr. McCoy?

Mr. McCoy. Yes.

Mr. BRITT. Mr. Stoddard, can you run your No. 1 hand-power machine as an electric machine, without a pedestal at all?

Mr. STODDARD. Yes, sir.

Mr. BRITT. Has it been done?

Mr. STODDARD. No.

Mr. McCoy. Why?

Mr. STODDARD. For the reason that we believe that the best way -- as opinions have been stated here, am I at liberty to state mine?

Mr. McCoy. Yes; do not make it too long.

Mr. STODDARD. As a matter of machinery and as a matter of post-office convenience, a machine on a pedestal can be moved anywhere in the office, without reference to tables. If you want to place it there [indicating], you can place it there; and if you want to put it there [indicating] you can; and the table that the Post Office Depart-

ment has bought and paid for can be used for the purpose for which it was designed and not for some particular manufacture of machine that is not provided with a pedestal.

Mr. BUSHNELL. But that is your personal opinion, is it not, and nobody else's?

Mr. STODDARD. How is that?

Mr. BRITT. Have you any other views on that that you want to express at this time, Mr. Bushnell?

Mr. MCCOY. Subject to the warning I gave Mr. Stoddard.

Mr. BRITT. Well, I wanted them to have equal time in this joint debate.

Mr. BUSHNELL. Well, the peculiar construction, as I said before, of the No. 11 machine—

Mr. MCCOY (interposing). Well, if you said it before, don't say it again.

Mr. BUSHNELL. Well, cut it out.

Mr. STODDARD. Mr. McCoy, may I interrupt a moment? If expert opinions are to be called for, I would suggest that the witnesses qualify as experts.

Mr. MCCOY. Well, we know that you are one, because it is in the record here, as stated by some of the canceling machine committee—I think by Dr. Grandfield—that you are an expert. I did try to qualify Mr. Bushnell this morning.

Mr. STODDARD. I mean Mr. Andrus, not myself.

TESTIMONY OF JOHN B. CADY.

John B. Cady, having been duly sworn by Mr. McCoy, testified as follows:

Mr. MCCOY. What is your employment, Mr. Cady?

Mr. CADY. \$1,600 clerk in the office of the First Assistant.

Mr. MCCOY. What is your duty?

Mr. CADY. Stenographer to the chief clerk.

Mr. MCCOY. Being Mr. Bushnell?

Mr. CADY. Yes, sir.

Mr. MCCOY. Mr. Cady, you were requested over the telephone a few minutes ago to bring certain original books containing short-hand reports of dictation to you by Mr. Bushnell; have you done so?

Mr. CADY. No, sir.

Mr. MCCOY. Why?

Mr. CADY. Because I did not have them.

Mr. MCCOY. Where are they?

Mr. CADY. I destroyed them.

Mr. MCCOY. When were they destroyed?

Mr. CADY. As each book was completed it was thrown into the wastebasket; so I presume it was destroyed as waste paper.

Mr. MCCOY. Is that the practice with books containing such original memoranda?

Mr. CADY. Yes, sir.

Mr. MCCOY. Now, have you any recollection of certain bids which were opened on October 31, 1911, in the Post Office Department for rental or purchase of canceling machines?

Mr. CADY. I have heard of it.

Mr. McCoy. You have heard of it in your capacity as stenographer to Mr. Bushnell, have you not?

Mr. CADY. Yes, sir.

Mr. McCoy. That is, you took dictation from him in regard to that matter?

Mr. CADY. Generally; yes.

Mr. McCoy. Now, you have in mind the date October 31, 1911?

Mr. CADY. Yes, sir.

Mr. McCoy. Have you any recollection of how many times between that date and the 15th of December, 1911, you took dictation from Mr. Bushnell on that matter?

Mr. CADY. No, sir.

Mr. McCoy. Have you any recollection of whether it was more than once?

Mr. CADY. Yes, sir.

Mr. McCoy. How many times would you say it was—I understand you can not remember definitely; but was it a half a dozen times?

Mr. CADY. More than a half a dozen times.

Mr. McCoy. What was the nature of the matter which he was dictating to you?

Mr. CADY. I could not say without segregating it; but if you ask me some specific question, I may be able to tell you.

Mr. McCoy. I mean in reference to these bids of October 31, 1912, for canceling machines?

Mr. CADY. I could not detail it from memory.

Mr. McCoy. I do not ask you to detail; but what was the nature of what he was dictating to you?

Mr. CADY. It concerned readvertising for further bids.

Mr. McCoy. Was that between October 31, 1911, and December 15?

Mr. CADY. I do not know that it was.

Mr. McCoy. Try to confine your answers to that period between those two dates, and state what the nature of the matter was that he was dictating to you in regard to these bids.

Mr. CADY. I believe it was in regard to the propriety of making an award at that time, without a further investigation as to the capacity of the different machines for which bids had been submitted.

Mr. McCoy. Well, did he dictate more than once to you on that matter?

Mr. CADY. I could not say definitely.

Mr. McCoy. Well, what was it that he dictated to you in regard to the propriety of making an award without further bids?

Mr. CADY. Well, one thing was the report to the Postmaster General suggesting that the committee be given authority to investigate the matter further.

Mr. McCoy. Well, was there anything else prior to that date?

Mr. CADY. Not that I remember.

Mr. McCoy. I show you exhibit No. 315 [handing paper to witness], does that refresh your recollection in any way?

Mr. CADY [examining paper]. Yes; this table was prepared first by me on the typewriter, and later put in that form by the engrosser of the Post Office Department, because it took up too much room the way I had arranged it.

Mr. McCoy. Now, from what did you prepare your typewritten statement?

Mr. Cady. I prepared it mainly from the original bids submitted.

Mr. McCoy. What instructions, if any, did you get in regard to it?

Mr. Cady. Simply to tabulate those bids in the form in which you see them there.

Mr. McCoy. Were your instructions in writing, or by word of mouth?

Mr. Cady. Word of mouth.

Mr. McCoy. And who gave them to you?

Mr. Cady. Mr. Bushnell.

Mr. McCoy. Did he say anything to you about ascertaining—or drawing your attention so as to show which of the bidders was the lower bidder, or the lowest?

Mr. Cady. No, sir.

Mr. McCoy. What did he tell you to do?

Mr. Cady. He told me to tabulate the bids, as near as I remember it, showing the information given there.

Mr. McCoy. Have you done such work before?

Mr. Cady. Do you mean in his office?

Mr. McCoy. Yes.

Mr. Cady. No, sir.

Mr. McCoy. I should have said, had you done such work prior to that time in his office?

Mr. Cady. Not on bids; no, sir.

Mr. McCoy. Mr. Bushnell has just handed me a paper with the statement that this is what you prepared [handing paper to witness].

Mr. Cady. That is a carbon copy of what I prepared.

Mr. McCoy. Well, that is not the same, is it, as Exhibit 315 [handing paper to witness]?

Mr. Cady. No, sir; evidently additions have been made to it.

Mr. McCoy. What is that?

Mr. Cady. I say evidently additions have been made to it.

Mr. McCoy. Made to the typewritten sheet?

Mr. Cady. Yes, sir.

Mr. McCoy. When Exhibit 315 was prepared?

Mr. Cady. Yes, sir.

Mr. Britt. It is your understanding that the handwritten sheet was made because of it being more convenient in a small compass; is that the idea?

Mr. Cady. Yes, sir.

Mr. McCoy. Well, it is entirely different in form from the paper which you said you prepared. You have just testified so.

Mr. Cady. Well, it is substantially the same.

Mr. McCoy. What is that?

Mr. Cady. I say it is substantially the same. I did not go through it all the way to see if the whole thing was there.

Mr. McCoy. Now, Mr. Cady, you take this typewritten sheet. Do you see, it is a carbon copy of the one you prepared [handing paper to witness]. Now, I find on that carbon sheet, opposite the item 411, "Automatic high-grade cancelling machines capable of postmarking and canceling not less than 500 letters a minute"; and under the heading "The B. F. Cummins Co., Ravenswood Station, Chicago, Ill."; and under the subheadings "Entire award" and under the

subheading "Partial award," in typewriting, a lump bid of \$198,820 on all four machines. Then, immediately opposite that, on the right-hand side, is the figure, in lead pencil, "197." Is that your figure?

Mr. CADY. No, sir.

Mr. McCox. I find on this typewritten sheet which you say you prepared, "Item 685, automatic medium-grade canceling machines, capable of postmarking and canceling not less than 250 letters a minute," and opposite that item and under the heading and subheadings which I have quoted, the figure 94, with a period after it—the 197 also had a period after it—I find this figure 94 in lead pencil. Is that your writing?

Mr. CADY. No, sir.

Mr. McCox. I find opposite the item 516, "Hand-power canceling machines, capable of postmarking and canceling not less than 150 letters a minute," and under the heading and subheadings which I have quoted, the figure 71 in lead pencil. Is that in your writing?

Mr. CADY. No, sir.

Mr. McCox. I find some other lead-pencil figures on there of various kinds. Are those in your handwriting?

Mr. CADY. No, sir.

Mr. McCox. Do you know when they were put on this typewritten sheet?

Mr. CADY. No, sir.

Mr. McCox. Now, just take that again [handing typewritten sheet to witness]. Do you know who put on those figures, 197, with a period; 94, with a period; and 71, without a period?

Mr. CADY. No, sir.

Mr. McCox. You had nothing to do with that at all?

Mr. CADY. No, sir.

Mr. McCox. Now, you have testified that the papers were substantially the same. I have Exhibit 315 in my hand, and under the heading "B. F. Cummins Co., Chicago, Ill.," and opposite the first item, being in substance like the first item I have read, I find the figure on Exhibit 315 "197"; then, opposite the second item I have read, and opposite the Cummins Co., I find the figure "94"; and then opposite the—well, I should have said that the figure "71" was opposite the item I have read; and opposite another item, by virtue of a bracket, "237 nonautomatic electric canceling machines, capable of postmarking and canceling not less than 100 letters a minute"; and opposite that item and the one I read before, "516 hand-power," in brackets, I find the figure "71." And I find these figures, 197, 94, and 71 later on on this Exhibit 315. So that makes them substantially different, does it not?

Mr. CADY. Yes, sir.

Mr. BRITT. Well, one moment. That would depend, first upon what the difference is, and, second, upon whether that difference is a substantial difference.

Mr. McCox. Well, the witness, without taking very much time to look at the papers, testified as I know he would wish not to testify, because those figures are very significant, as you will discover, in view of the question I am going to ask now. I show you Exhibit 310 in this proceeding. Have you ever seen that paper before?

Mr. CADY. No, sir.

Mr. McCoy. Now, Mr. Britt, if you wish to cross-examine the witness on this matter you may do so.

Mr. BRITT. Yes; just a word.

Cross-examination:

Mr. BRITT. You have stated there, Mr. Cady, that the typewritten statement which is before you and the handwritten statement which was before you later, were substantially the same, have you not?

Mr. CADY. Yes, sir.

Mr. BRITT. Well, has there been anything shown you since that indicates that they are not substantially the same?

Mr. CADY. Yes, sir.

Mr. BRITT. What is that? Explain.

Mr. CADY. Why, he has called my attention to the fact that—Mr. McCoy has called my attention to the fact that under the Cummins bid, the lump-sum bid as typewritten by me had been changed and the figures 197, 94, and 71 substituted opposite the respective items.

Mr. BRITT. Then the difference is a difference in the statement of figures; but you do not pretend to say how substantial a difference in meaning there is, do you?

Mr. CADY. No, sir.

Mr. McCoy. Mr. Britt, you can say—I will ask you to look at that one, and I will ask you to testify that they are substantially different.

Mr. BRITT. Well, I do not want to testify.

Mr. McCoy. Well, then, if you do not want to testify, let me take them; it will save time. I call your attention, Mr. Cady, to Exhibit No. 315, and to the following heading: "Proposals applied to number of machines actually in the service November 1, 1911." Do you find on the typewritten sheet anything that in any way corresponds to that, or refers to it [handing paper to witness]?

Mr. CADY. No, sir; in that connection, however, I should like to make a statement in connection with what I have said before.

Mr. McCoy. All right, you may make it.

Mr. CADY. That is, this Exhibit 315 was prepared by Mr. Lynch and engrossed in the Post Office Department without my knowledge—without my knowledge as to the substance of it. In other words, it was brought to my attention that this typewritten statement was to be prepared in a smaller form than could be done by the typewriter clerk, and I had no knowledge as to what was to be contained in it, other than this matter—

Mr. McCoy (interposing). That you prepared?

Mr. CADY. That I prepared.

Mr. McCoy. You found there was something on Exhibit 315 which was not in any way contained in or referred to in the typewritten sheet, namely, this last part I have read to you?

Mr. CADY. Yes, sir.

Mr. McCoy. What Mr. Lynch was it you refer to?

Mr. CADY. He is an engrosser with the bureau of the first assistant.

Mr. McCoy. What do you mean by an engrosser? What kind of work does he do?

Mr. CADY. He writes the postmasters' commissions, among other things.

Mr. McCoy. And your information was that he was putting this into the very neat shape in which it actually is for the purpose of having it duplicated and used?

Mr. CADY. In smaller, more portable form.

Mr. McCoy. That is Exhibit 315?

Mr. CADY. Yes, sir.

Mr. McCoy. Mr. Cady, you were stenographer to Mr. Bushnell in the summer of 1912, were you not?

Mr. CADY. Yes, sir.

Mr. McCoy. Do you remember Mr. Bushnell preparing a report on bids for canceling machines that were opened March 20, 1912?

Mr. CADY. I remember a report written in August.

Mr. McCoy. Dated August 31, was it not?

Mr. CADY. Yes, sir.

Mr. McCoy. What work, in the way of dictation, did you do for Mr. Bushnell prior to August 31, 1912, in reference to getting up such a report?

Mr. CADY. Nothing further than dictation in regard to the report. It took some time to get it up. It was rewritten two or three times.

Mr. McCoy. Mr. Britt.

Mr. BRITT. Mr. McCoy, we may develop matters——

Mr. McCoy (interposing). Just a moment. Was not the report on the bids of the 31st rewritten several times?

Mr. CADY. Not that I know of; no, sir.

Mr. BRITT. Mr. Bushnell wishes to make a suggestion, and that will save my bringing the witness back. Mr. Bushnell, make the suggestion you had in mind.

Mr. McCoy. Does Mr. Bushnell wish to examine Mr. Cady? If so, I will let him.

Mr. BUSHNELL. No; I do not.

Mr. McCoy. Are you through with Mr. Cady?

Mr. BRITT. One moment. I am not through.

Mr. McCoy. Mr. Britt, if you will kindly examine Mr. Cady, then we will hear Mr. Bushnell's suggestion.

Mr. BRITT. In stating that the report was written two or three times, do you mean that different stages of it or parts of it were written two or three times?

Mr. CADY. Different stages of it, and then, as I understand, the report complete was rewritten to make a better appearance.

Mr. BRITT. Was rewritten for better typewriting, do you mean?

Mr. CADY. Yes, sir.

Mr. BRITT. But it was only rewritten for that purpose, as you recollect?

Mr. CADY. Yes, sir.

Mr. BRITT. That is all, Mr. McCoy. Now, Mr. Bushnell.

Mr. BUSHNELL. I wanted to make a statement in regard to that schedule that Mr. McCoy has there.

Mr. BRITT. You may make it.

Mr. McCoy. Mr. Cady is now testifying. You may do that when he is through. You say, Mr. Cady, in answer to Mr. Britt, that the report was rewritten and corrected for poor typewriting?

Mr. CADY. That is, the final copy.

Mr. McCoy. Who is responsible for the poor typewriting?

Mr. CADY. You do not quite understand my statement. The report was written in different stages and with corrections by Mr. Bushnell, and the final report naturally had to be consolidated and written neatly on the typewriter without corrections showing.

Mr. McCoy. How long a period did that cover while these sections were being drawn?

Mr. CADY. I can not say; I did not write the body of the report.

Mr. McCoy. Did they begin as far back as June, 1912?

Mr. CADY. I do not remember.

Mr. McCoy. Or as far back as July, 1912?

Mr. CADY. I could not say, because I do not remember when we started to write the report.

Mr. McCoy. Did it cover any considerable part of the month of August, 1912?

Mr. CADY. I could not say as to that.

Mr. McCoy. Did you attend any meetings of the committee, the canceling machine committee?

Mr. CADY. No, sir.

Mr. McCoy. That is all, Mr. Britt.

Mr. BRITT. Now, Mr. Bushnell, you say you want to make some explanation?

Mr. McCoy. That is all, Mr. Cady.

Mr. BUSHNELL. I made the statement last week, when I handed Mr. McCoy that paper, that it was merely a memorandum prepared by myself for general information, simply to show what the cost of the service, the canceling-machine service, would be, under the bids then before us and what it would be—what the cost would be on the basis of the machines then in the service. It had no connection whatever with the writing of the report of the canceling machine committee and the considerations of the canceling machine committee, and it never has been taken into consideration in connection with any report the canceling machine committee ever prepared. It is merely general information prepared by myself.

Mr. McCoy. Which one are you referring to, Exhibit 315?

Mr. BUSHNELL. That paper there.

Mr. McCoy. Exhibit 315?

Mr. BUSHNELL. Yes. Mr. McCoy immediately stated and put into the record that my statement indicated that was a part of the committee's bid and was so considered by the committee. I did not state that.

Mr. McCoy. I doubt very much if the committee ever saw this second bid. I am inclined to think you kept it to yourself.

Mr. BRITT. You charge this matter, but I do not think it is time now for argument.

Mr. McCoy. He stated the argument.

Mr. BUSHNELL. I merely stated the facts in connection with all the papers.

Mr. McCoy. You stated before. Why do you bring them up again? I know what you stated.

Mr. BUSHNELL. You have stated they are not the facts.

Mr. McCoy. I do not believe they are.

Mr. BUSHNELL. You have a right to your opinion, of course.

Mr. McCoy. You stated these conclusions the other day, and it is for the people who read the report to draw their conclusions.

Mr. BUSHNELL. You make the statement now I had that in my possession and that the other members of the committee never saw it.

Mr. McCoy. I say I do not believe they did.

Mr. BUSHNELL. You have the right to that belief, of course.

Mr. McCoy. I do not think you have testified so. Did they see it?

Mr. BUSHNELL. I do not understand the other members have been on the witness stand yet.

Mr. McCoy. That is none of your business. Did the other members of the committee ever see it? They can testify themselves when the time comes. Answer my question.

Mr. BUSHNELL. Whether they saw it or not?

Mr. McCoy. That is the question. You know what it is, and you have taken about two minutes to think over your answer, and you have suggested the other members of the committee have not testified. Now you can testify, and when they get a chance they can testify.

Mr. BUSHNELL. It was part of the paper I had with me—

Mr. McCoy (interposing). We will leave it there. The record will show what kind of a witness it is.

Mr. BUSHNELL. To the best of my knowledge and belief they saw it.

Mr. McCoy. What did you show it to them for?

Mr. BUSHNELL. As a part of the consideration, in considering as a part of the papers before us in considering the whole question. The bids were there also.

Mr. McCoy. What was the whole question? The question of the bids, was it not?

Mr. BUSHNELL. Why, certainly.

Mr. McCoy. Mr. Cady, when you came into this room you were spoken to by Mr. Wood, were you not?

Mr. Cady. Mr. Wood?

Mr. McCoy. Yes.

Mr. Cady. He said, "How do you do?"

Mr. McCoy. You know he said more to you than that, do you not?

Mr. Cady. Not that I know of.

Mr. McCoy. That is all. Mr. Cady. Mr. Bushnell, I show you Exhibit 192, to which was attached Exhibit 194 when it was submitted to the committee, 192 being a letter from the postmaster of New York requesting that the Cummins "pick up" table be assigned to the Madison Square Station, New York Grand Central Station, and the Stations D and E. Exhibit 194, which is your memorandum, reads: "Dr. G.: This is fine. I think we ought to do it as soon as we can." What was the attitude of mind in which you were when you wrote "this is fine"?

Mr. BUSHNELL. Merely a suggestion that if they were as serviceable as the postmaster deemed that they were that we should continue their use in the other stations.

Mr. McCoy. That suggestion—

Mr. BUSHNELL (interposing). Merely a suggestion for Dr. Grandfield.

Mr. McCoy. The suggestion to Dr. Grandfield that they should be put into those stations seems to be embodied in the words "I think we ought to do it as soon as we can." Now, that was a plain suggestion that the request of the postmaster be complied with, but what was your attitude of mind that led you to put the words "this is fine" in there?

Mr. BRITT. I do not object, of course, to your question, but it seems to me that to ask him what he meant would be better than to ask him what was the attitude of his mind. What did you mean by it?

Mr. McCoy. I guess we both mean the same thing.

Mr. BRITT. Well, that is probably so.

Mr. BUSHNELL. The postmaster states in this communication that the tables in use in the Hudson Terminal Station office have proven advantageous both in the matter of the saving of time and labor, and he suggests the advisability of extending their use in the other stations. The attitude of my mind was undoubtedly that if Mr. Morgan deemed that they were of special advantage, as had been shown by their use in the Hudson Terminal Station, that the others should be added to the New York office. I have respect for the opinion of Mr. Morgan, and I simply concurred in the suggestion.

Mr. McCoy. Mr. Morgan did not say "This is fine," did he?

Mr. BUSHNELL. He speaks of the advantage in the saving of both time and labor by the use of the machine.

Mr. BRITT. Then you mean by saying it was fine that you thought it would be good for the service?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Does the speed of a canceling machine depend to any extent upon the speed of the motor which is attached to it?

Mr. BUSHNELL. Very largely, I understand.

Mr. McCoy. Do you know anything about the motors which are attached to the Cummins time-marking machine, high speed, and the motor attached to the Hey-Dolphin Flier of the International Postal Supply Co. in the Washington City post office?

Mr. BUSHNELL. I have no technical knowledge of any of the motors.

Mr. McCoy. I do not ask you for any technical knowledge. Have you any knowledge of the speed of the two motors attached to those machines?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Did you ever hear anything about it?

Mr. BUSHNELL. Not as to the speed.

Mr. McCoy. You never heard anything as to the speed; is that what you say?

Mr. BUSHNELL. I know nothing about the motors of the machines.

Mr. McCoy. Have you ever heard anything about the speed of the two motors I have spoken of?

Mr. BUSHNELL. Not that I recollect.

Mr. McCoy. I notice that in the book that Mr. Andrus handed to me he had some memoranda about the motors; I think something about the revolutions per minute—something of that kind. Is not that a thing for the canceling machine committee to take into consideration when it is making tests?

Mr. BUSHNELL. I do not understand it is.

Mr. McCoy. The test is made for the purpose of ascertaining the speed, is it not, to a large extent?

Mr. BUSHNELL. Ascertaining the general efficiency of the machine.

Mr. McCoy. But the general efficiency can not be determined in a few minutes' inspection, can it?

Mr. BUSHNELL. No; the relative efficiency can be determined, I think, by a—

Mr. McCoy (interposing). That is the point now. In determining the relative efficiency, speed being one of the elements of efficiency, how can the committee determine that point unless it knows the capacity of the motor attached to machines which are being com-

pared? Now, that is a simple question, and you can answer it without looking at any papers.

Mr. BUSHNELL. I would not know anything about the speed of a machine as determined by the speed of the motor. It is the general results that I should consider.

Mr. McCoy. The substance of your answer is that when you made up your mind about these tests that were made of the Hey-Dolphin Flier and the Cummins time-marking machines in the Washington post office you paid no attention to the motors? Is that your answer?

Mr. BUSHNELL. In the report of the committee we speak of the motors for running the different machines.

Mr. McCoy. Then you did pay some attention to them, did you not?

Mr. BUSHNELL. Yes; to that extent.

Mr. McCoy. Did you pay any attention to the question of the speed with which the motors could operate?

Mr. BUSHNELL. Not the motors themselves, because I am not—

Mr. McCoy (interposing). Did you endeavor to ascertain whether or not the motors attached to those two machines were running approximately at their full capacities or partial capacity or in what condition they were in that respect?

Mr. BUSHNELL. Well, our experience—

Mr. McCoy (interposing). Just answer the question that way.

Mr. BUSHNELL. No, sir; we did not determine that.

Mr. McCoy. Did any member of the committee make memoranda in regard to all the motors attached to machines, which were being operated by motors while you were making your tests?

Mr. BUSHNELL. I think Mr. Andrus made a note of the size of the motor, of the horsepower of the motor, at the time.

Mr. McCoy. Of the revolutions per minute?

Mr. BUSHNELL. I am not sure about that.

Mr. McCoy. Did you ever see any such calculation?

Mr. BUSHNELL. No; I never saw it.

Mr. McCoy. Well, he made them; they are in the evidence in this case.

Mr. BUSHNELL. I did not know anything about the revolutions of the motors.

Mr. McCoy. Would you know if anybody told you what he had said?

Mr. BUSHNELL. I might not.

Mr. McCoy. You think that is a matter of some doubt? Now, when you determined on recommending what to do with bids, did you take into consideration the financial responsibility of the bidder?

Mr. BUSHNELL. Every bidder gives a bond when the contract is made with him.

Mr. McCoy. Did you take into consideration, when you made your report on the bids of March 20, 1912, anything about the financial responsibility of the bidder, outside of the fact that he furnished a bond?

Mr. BUSHNELL. Nothing except to state, I believe, as we did in the report, we thought all the bidders were responsible.

Mr. McCoy. You stated that positively in the report, did you?

Mr. BRITT. The report itself would be the best evidence as to that.

Mr. McCoy. Yes; he knows. He did. I know he did, but he has got to take a look at the report; and please be in a hurry, if you can, and read what you said.

Mr. BUSHNELL. The committee did not go into that phase of the subject at that time.

Mr. McCoy. Will you answer my question? (Question repeated.) Now, then, if you will just do that. And when I speak about the report I mean Exhibit 313.

Mr. BUSHNELL. I find in one place, in referring to the question of an executive contract as between the American Co. and the B. F. Cummins Co., that we used this language, "Both companies are undoubtedly financially able to carry out such a contract." I do not know whether there is any other reference to the matter.

Mr. McCoy. What was the basis of your statement to the effect that you have just read?

Mr. BUSHNELL. Well, the committee, in the course of its investigation, found that the B. F. Cummins Co. had a good-sized factory in Chicago, where they were doing considerable work. It was a fair presumption, to say the least, that that company would be financially able to build the machines and carry out its contracts, especially if it gave a bond. When we were in Boston we were invited to visit the plant of the American Postal Machines Co. Mr. Stoddard showed us where, as I understand, he assembles some of his machines, and where he had several men employed; and the American Co., having had a contract with the Government for a number of years, we thought it was a fair statement to make that they were financially able to carry out any contract we might make with them.

Mr. McCoy. Now, have you stated everything that entered into your mind when that statement was prepared as a basis for it?

Mr. BUSHNELL. I think so.

Mr. BRITT. No question was raised as to the financial liability of either of the companies, was there?

Mr. BUSHNELL. None whatever.

Mr. McCoy. Why should it not have been? It was your duty to find it out, was it not?

Mr. BRITT. They seem to have found it out.

Mr. McCoy. I should like to hear somebody who made as thorough an investigation as that and then made such an important statement as that on the basis of it.

Mr. BRITT. Mr. McCoy, these are reputable companies, and when they went out there and visited their factories, I submit, in my judgment, their evidence was sufficient to base that report on. In the absence of any objection to the financial liability of these companies, I would have said just what they say there, and I believe Mr. McCoy would have done so, too.

Mr. McCoy. Absolutely and unqualifiedly no. I would have gone to the mercantile agencies and gotten a report on all of them. I would have endeavored to find out what banks they did their business with, and then applied to some bank here in the District of Columbia which has deposits of Government money, and I would have asked that bank, or those banks, to inquire into the financial solvency of these people, and I should have said to myself that the mere fact that a man had a plant, which may be mortgaged up to the neck,

so far as any intimation the committee has obtained is concerned, was of very slight significance.

Mr. BRITT. But the very fact that they entered into the contract and that their statements were dependent upon the supply of the machines would in itself be a large consideration in determining that fact.

Mr. McCoy. In my mind it would have absolutely nothing to do with the determination of the fact, because people sometimes go into things and fall down on them, and this was a very important proposition for the Government. They were going to make a contract for four years, and if the contractor should fall down any time within that period, as has been disclosed, I think, by Dr. Grandfield here—not in that connection, but if they could not get the machines when they wanted them the service might be crippled. Did you discover in the course of your investigation that the Time Marking Machine Co. and the B. F. Cummins Co. were operating under the same roof, in the way of manufacturing?

Mr. BUSHNELL. In the same factory.

Mr. McCoy. It was not under the same roof?

Mr. BUSHNELL. Yes; the same factory.

Mr. McCoy. Under different roofs—was it under different roofs?

Mr. BUSHNELL. Under the same roof.

Mr. McCoy. That is right. By George, that shows what the witness can do when he tries.

Mr. BUSHNELL. Thank you.

Mr. McCoy. Did you undertake to ascertain whether or not either the Time Marking Machine Co. or the B. F. Cummins Co. had ever been in financial difficulties?

Mr. BUSHNELL. No, sir; we did not.

Mr. McCoy. Had you ever heard whether or not either of those companies had ever been in financial difficulties?

Mr. BUSHNELL. I knew nothing whatever about it. I do not know that any member of the committee had.

Mr. McCoy. Had you ever heard of it? Answer my question, yes or no.

Mr. BUSHNELL. Yes; I have heard.

Mr. McCoy. You had heard it?

Mr. BUSHNELL. Yes.

Mr. McCoy. What was the information you had in that respect?

Mr. BUSHNELL. The president, or the former vice president, rather, of the International Postal Supply Co. told me once that he had an offer from the Time Marking Co. to buy their plant and their machinery. I never heard anything about the B. F. Cummins Co. being in financial straits.

Mr. McCoy. Mr. Hinman, do you know whether Mr. Cummins is coming to testify, as I requested him to do?

Mr. HINMAN. He is in town now, Mr. McCoy. He got in about an hour ago. He is ready at any time.

Mr. McCoy. I can not tell when I shall wish to use him. I hope he will come up.

Mr. HINMAN. Shall I have him in this afternoon?

Mr. McCoy. If you will, please. Mr. Bushnell, did Dr. Grandfield ever say to you, in words or substance, that one of the reports, or that a report, or a proposed report on the bidding of October 31,

1911, was so long that the Postmaster General could not look it through carefully, and suggested that you write it in a much smaller compass?

Mr. BUSHNELL. No, sir; no suggestion of that kind was ever made to me.

Mr. McCoy. Mr. Callan will be sworn, please.

TESTIMONY OF JOSEPH H. CALLAN.

Mr. McCoy. What is your position in the Post Office Department?

Mr. CALLAN. I am a \$1,800 clerk in the Bureau of the First Assistant Postmaster General.

Mr. McCoy. Did you ever hear about these bids of October 31, 1911, for canceling machines?

Mr. CALLAN. In a general way; yes, sir.

Mr. McCoy. Do you know whether Mr. Bushnell ever submitted to Dr. Grandfield a report, or a proposed report, on the matter of those bids, which Dr. Grandfield told him to rewrite?

Mr. CALLAN. I do not.

Mr. McCoy. Did you ever say to anybody that such a report had been submitted, and that Dr. Grandfield instructed the person submitting it to him to rewrite it?

Mr. CALLAN. I have no recollection of ever making a statement of that kind to anybody.

Mr. McCoy. Did you ever have any conversation with anybody in the department about the question of reports on this bidding of October 31, 1911?

Mr. CALLAN. I may have had a conversation, Mr. McCoy, but I do not recollect any. It is possible that somebody said something to me about the report, and I may have answered them to the best of my knowledge at that time.

Mr. McCoy. Will you say that you never did have a conversation with anybody to the effect that Dr. Grandfield had told somebody else to rewrite something in connection with this?

Mr. CALLAN. I will say that I have absolutely no recollection of ever saying anything of the kind.

Mr. McCoy. But you will not say you never did say anything of the kind, will you?

Mr. CALLAN. No; because I have not any recollection of it, and I think that is as far as I would like to go.

Mr. McCoy. Now, Mr. Slack, you know Mr. Callan, do you not?

Mr. SLACK. Yes, sir; very well.

Mr. McCoy. Did you ever have any conversation with him in regard to the report of the October 31 bids, or a tentative report, which had been submitted to Dr. Grandfield by Mr. Bushnell, and which Dr. Grandfield told Mr. Bushnell to rewrite, that it was too long, or words to that effect?

Mr. SLACK. Not personally; but I had a telephone conversation early in December, 1911.

Mr. McCoy. You mean with Mr. Callan?

Mr. SLACK. With Mr. Callan.

Mr. McCoy. Early in 1911 or 1912?

Mr. SLACK. December, 1911.

Mr. McCoy. And what was the substance or the actual conversation?

Mr. SLACK. Why, we talked about a good many things, and I asked him in the beginning if there had been any action taken on the canceling-machine matter which was then pending.

Mr. McCoy. Referring to the bids of October 31?

Mr. SLACK. Referring to the bids of October 31. The bids of October 31 had been opened at that time and I asked if any report had been made, because I had been interested in it in another way, which I will explain if you wish me to. And Joe——

Mr. McCoy. Meaning Mr. Callan?

Mr. SLACK. Meaning Mr. Callan—said Bushnell brought a report in there, a long-winded report, and Dr. Grandfield had looked at it and asked him if he did not know the Postmaster General would never wade through all of that, and suggested that he take it back and read it over and make it shorter.

Mr. McCoy. Did he say what was done as a result?

Mr. SLACK. No, sir.

Dr. GRANDFIELD. Are you sure, Mr. Slack, that referred to the canceling-machine committee report?

Mr. SLACK. Yes, sir; I asked him if the committee had made a report.

Dr. GRANDFIELD. Are you sure that the answer he made as to the length of the report referred to this canceling-machine report?

Mr. SLACK. It was in answer to my question in regard to that report.

Dr. GRANDFIELD. I say, are you sure?

Mr. SLACK. I felt sure at the time, and I feel sure now.

Mr. McCoy. You are sure as to what your question was, are you not?

Mr. SLACK. Yes, sir; positively; and if there was any misunderstanding, Mr. Callan misunderstood me.

Mr. McCoy. You said there was some other circumstance. What was that?

Mr. SLACK. At that time I was working in the Senate for Senator Bourne, and I knew because a number of the representatives of canceling-machine manufacturers had come to me and so stated that they were greatly dissatisfied with the situation.

Mr. McCoy. They stated so?

Mr. SLACK. They stated so a number of times, and several of them asked my advice as to whether they should start an investigation or not, or try to start an investigation, and I advised them invariably not to do so.

Mr. BRITT. When was this conversation?

Mr. SLACK. With Mr. Callan?

Mr. BRITT. Yes.

Mr. SLACK. In December, 1911.

Mr. BRITT. What part of December?

Mr. SLACK. The early part of December.

Mr. BRITT. How early—about?

Mr. SLACK. It was very shortly after Congress convened; that is the reason I can fix the date.

Mr. BRITT. Was it a duty of yours to call up the office and make inquiries about canceling-machine matters?

Mr. SLACK. It was not. I was going to state why I did it when you interrupted me.

Mr. McCoy. Go ahead and state it fully, Mr. Slack.

Mr. SLACK. I have already said that these representatives of canceling-machine manufacturers had come to me and said, "We are very much dissatisfied with the situation," and asked my advice.

Mr. BRITT. Why did they come to you?

Mr. SLACK. Because they knew I had been in charge of the work, I suppose, and they were friends of mine, and they wanted to talk over the general situation.

Mr. BRITT. Did you have any authority to relieve them in any way or inform them in any way?

Mr. SLACK. I did not; and I did not relieve them in any way or inform them in any way except when they asked me.

Mr. BRITT. You did not do anything at all?

Mr. SLACK. Wait until I get through with my answer, please. Except that whenever they asked me if I thought it would be wise to start an investigation, I told them I did not think so, because I knew what an enormous amount of trouble that would mean. The reason I was interested in it was on Dr. Grandfield's behalf, and was this: I called up Mr. Callan and asked him if he would let me know, or ask the doctor if he would let me know before an award was actually made, because I wanted to tell him that those men had come to me and told me they were very much dissatisfied with the entire situation, and I wanted to give him an idea of just how they felt.

Mr. BRITT. What position did you hold that led them to come to you?

Mr. SLACK. I was in charge of the canceling machine section at a previous time, and they knew I had knowledge of how they had been treated in the department. They came to me as friends at this particular time. I will tell you what position I held at the time, if you wish to know.

Mr. BRITT. Yes.

Mr. SLACK. I was detailed from the Post Office Department to the Senate Committee on Post Offices and Post Roads.

Mr. BRITT. You did not have anything to do with it at all officially or otherwise, did you?

Mr. SLACK. I did not. I asked that Dr. Grandfield speak to me about it on account of personal friendship between him and myself.

Mr. BRITT. Then your office was a friendly one between yourself and the doctor?

Mr. SLACK. I think so; yes, sir. In fact, I know so.

Mr. McCoy. That is, your purpose was a friendly one?

Mr. SLACK. Yes, sir.

Mr. BRITT. That was what I meant by saying "office."

Mr. McCoy. Now, that the question has been gone into, Mr. Slack, go right into it fully. Why did you think it would be a friendly act to Dr. Grandfield to speak about the matter?

Mr. SLACK. Because I knew very well if he went ahead and did what these canceling machine manufacturers were telling me in their statements he proposed to do there would be serious trouble.

Mr. McCoy. What did you think would be the nature of the serious trouble?

Mr. SLACK. I thought the other manufacturers would either take action or would actually start a congressional investigation, which nobody wanted, as far as I knew.

Mr. McCoy. Did they tell you what was in their minds that led you to think they might do so?

Mr. SLACK. Yes, sir; they all expressed very great dissatisfaction to me.

Mr. McCoy. In what connection?

Mr. SLACK. The canceling machine manufacturers talked pretty explicitly and pretty strongly. They all seemed well qualified to do so.

Mr. McCoy. What was the nature of their dissatisfaction? What was it they expressed to you?

Mr. SLACK. They felt, as had been the case when I was in charge of the work, that Mr. Cummins was going to get as much as possibly could be given to him, regardless of law or fairness.

Mr. McCoy. And that they stated to you, did they?

Mr. SLACK. Yes, sir.

Mr. McCoy. In other words, they stated to you that in their opinion and in their belief Mr. Cummins was getting undue favors from the department. Is not that what they said?

Mr. SLACK. Yes, sir.

Mr. BRITT. What was Mr. Cummins getting at that time, Mr. Slack?

Mr. SLACK. He was under contract to furnish canceling machines to the department.

Mr. BRITT. Were not the others also under contract to furnish canceling machines?

Mr. SLACK. Certainly; but the members of the department in dealing with Mr. Cummins used methods very different from the methods of the department in dealing with the other manufacturers, according to my own personal knowledge, acquired when I was in charge of the work.

Mr. BRITT. Are you advancing that as an opinion, or are you basing it on some fact?

Mr. SLACK. I have already testified as to certain facts that occurred when I was in the division.

Mr. BRITT. You have testified to the fact that you were at one time transferred from the Division of Salaries and Allowances to the Division of Postmasters' Appointments, and that you believed that you were transferred because of the Cummins matter; and that is as far as you stated. Your opinion did not constitute a crime against anybody.

Mr. SLACK. I have testified to a good many other facts; you have mentioned only one of them. Mention them all, if you mention any.

Mr. McCoy. I will go on with Mr. Slack. You have testified just now that what you stated was on your personal knowledge, did you not, of what had been going on in the department?

Mr. SLACK. When I was there.

Mr. McCoy. And what did you observe from what came before you in your official capacity in regard to the dealings of the department with B. F. Cummins and his two companies, as contrasted with the dealing of the department with other manufacturers of canceling machines and those "pick-up" tables?

Mr. SLACK. I observed he was rankly favored in the matter of making assignments, for one thing.

Mr. McCoy. What else?

Mr. SLACK. And in the matter of remodeling those Doremus machines he was given work over the head of the unfavorable recommendation of everybody else, so far as I know, except Dr. Grandfield and Mr. Bushnell, who had anything to do with the proposition and in spite of the fact that letters had been written him by the department that he would not get any of that work. He got it anyway.

Mr. McCoy. Do you know how? Have you examined or had you examined before you had this telephone talk with Mr. Callan, or had you seen letters from the B. F. Cummins Co.?

Mr. SLACK. Yes, sir.

Mr. McCoy. In the files?

Mr. SLACK. Yes, sir.

Mr. McCoy. Had you ever seen any of the numerous letters which are in this record and in which he intimates he was in need of money?

Mr. SLACK. I had not seen the ones in the record in which he intimates directly he was in need of the money, because they came in at a later time; but I know that payments to Mr. Cummins were always expedited, even at the time I was there, and I never knew payments to any other canceling-machine company to be expedited while I was in that section.

Mr. McCoy. You say, do you, that at the time you had this conversation you were in the employment of the Committee of the Senate on Post Offices and Post Roads?

Mr. SLACK. Yes, sir.

Mr. McCoy. At whose request were you detailed to that assignment?

Mr. SLACK. At Senator Bourne's request.

Mr. McCoy. And you were given a leave of absence of a year, were you not, from your regular duties, for that purpose?

Mr. SLACK. Yes, sir; after a long exchange of telegrams between Mr. Hitchcock and others in the department and Senator Bourne.

Mr. McCoy. Mr. Hitchcock and others at first declining to make the assignment, is not that so?

Mr. SLACK. Yes, sir; they ordered me back to the department and issued instructions to put me in the Dead Letter Office right about that time.

Mr. McCoy. And the Dead Letter Office is, as far as employment is concerned, a dead position, is it not?

Mr. SLACK. I think any man in the Post Office Department, or in the service, will testify it is the deadest place in the United States Postal Service.

Mr. McCoy. Do you mean they undertook to order you back from the assignment inside of the year period?

Mr. SLACK. They not only undertook—that was before the leave of absence was given me—they ordered me back from Senator Bourne's committee without consulting him at all, and I can produce the official order if you want it.

Mr. McCoy. And it was after that that Senator Bourne insisted that you have leave of absence for the year, was it not?

Mr. SLACK. Yes, sir; I got it at his request, but not all of it. I thought I had all of it and acted accordingly, but the Postmaster General apparently thought differently.

Mr. McCoy. Is there anything else you wish to say as to this telephone conversation with Mr. Callan, and what motive animated you in having it?

Mr. SLACK. Nothing except what I have already stated. I think I have stated it all.

Mr. McCoy. Now, Mr. Britt, you may proceed.

Mr. BRITT. You are not on good terms with the Post Office Department anyhow, are you, Mr. Slack?

Mr. SLACK. I wish you would explain that question.

Mr. BRITT. You have been recently removed from the service, have you not?

Mr. SLACK. No, sir.

Mr. BRITT. Have you not?

Mr. SLACK. I do not think so. Not in my opinion.

Mr. McCoy. You had better not say that, because they will remove you, if they have not already.

Mr. BRITT. Mr. McCoy, you have not any right to make that remark.

Mr. McCoy. I have.

Mr. BRITT. I insist on this record that you have no right to make that remark, and I want it to go on the record and stay there.

Mr. McCoy. That is my opinion.

Mr. SLACK. The Postmaster General has O. K'd it; he has notified me through the chief clerk, but in my opinion he is mistaken.

Mr. BRITT. He has the idea that he has removed you, has he not?

Mr. SLACK. Yes, sir; a mistaken idea.

Mr. BRITT. Has there not been an official action taken to that end?

Mr. SLACK. I am told he has signed an order to that effect. I do not know of my own personal knowledge.

Mr. BRITT. Have you never received the order?

Mr. SLACK. No, sir.

Mr. BRITT. Have you never seen a copy of the letter from the chief clerk of the Post Office Department notifying you that you were removed from service?

Mr. SLACK. You have asked a different question now.

Mr. BRITT. I am asking if you have seen it?

Mr. SLACK. I have seen that.

Mr. BRITT. It said you were removed by our orders?

Mr. SLACK. By the order of the Postmaster General.

Mr. BRITT. Has the Postmaster General not authority to remove a clerk for cause?

Mr. SLACK. Provided he complies with the law with reference to removals; yes, sir.

Mr. BRITT. For cause I say. State whether cause was not stated to you, which cause consisted in leaving the department at times of stress of work, and indolence in the service, and other things. In other words, state the grounds given in the official document of your removal.

Mr. McCoy. If you want that, let us have the document produced.

Mr. BRITT. We can produce all the documents, but he can answer that question also.

Mr. SLACK. I did not know you wanted to go into that question, Mr. McCoy, but if you want me to answer, I can answer.

Mr. MCCOY. Let it go. The closet is now open and reveals the skeleton, and we will open it wider.

Mr. BRITT. The Post Office Department has no objection to the width of the door.

Mr. SLACK. How about the width of the opening?

Mr. BRITT. We want the facts.

Mr. MCCOY. You may have some objection to the kind of skeleton that will come out.

Mr. BRITT. Well, let it come. The facts will go in the record. It is not prophecy as to what it will be that we want, but let us have the facts. You have opened up this matter by attempting to prove by Mr. Slack statements alleged to have been made by him in a conversation that occurred between him and the secretary of the First Assistant Postmaster General, which statement is contradicted by the secretary—

Mr. MCCOY (interposing). On the contrary, it is not, and, secondly, that did not open up this matter; you have opened up this matter, or possibly I do not know but what Dr. Grandfield did, although I do not think he did. He asked a question which was connected with the conversation which Mr. Slack has testified to, as he had a perfect right to do, and that went as far as I cared to have it go, but the rest of it now has grown out of your questioning. However, go ahead. We will have it all brought out.

Mr. BRITT. The secretary says he has no recollection whatever of such a statement.

Mr. MCCOY. Which is entirely different from saying that no such statement was ever made.

Mr. BRITT. I say he contradicts the statement, and he does contradict it by saying he has no recollection of it.

Mr. MCCOY. That you could construe as a contradiction, but nobody else will, I think, Mr. Britt.

Mr. BRITT. I do so construe it.

Mr. MCCOY. Now, if you will go ahead with the witness.

Mr. BRITT. Mr. Slack, going back to the question of your removal from the service. I asked you if you were not removed from the service, getting notice through the chief clerk of the order of the Postmaster General, and the grounds stated to you, that you had been guilty of insubordination, and that you had not been diligent at your work, among other things.

Mr. SLACK. That was never stated to me as a reason for my removal.

Mr. BRITT. What did you get as a reason for your removal?

Mr. SLACK. I got certain charges, which I never answered.

Mr. BRITT. What were the charges?

Mr. SLACK. I can produce the paper, if you wish me to.

Mr. BRITT. You know what they were, Mr. Slack.

Mr. MCCOY. Get the paper, Mr. Slack, and let us have the paper [Witness produces paper.] Is this the paper you have produced?

Mr. SLACK. Yes, sir.

Mr. MCCOY. I offer it to you, Mr. Britt.

Mr. BRITT. Yes, sir. I hold in my hand a letter dated September 17, 1912, signed by G. G. Thomson, chief clerk, addressed to Mr.

John W. Slack, clerk of the Division of Salaries and Allowances, in the office of the First Assistant Postmaster General, which I will read.

Mr. McCOR. Now, Mr. Britt, will you offer that as an exhibit and let it go in the record in the usual way, then if you wish to read it we will have it, and it will not have to be read into the record.

Mr. BRITT. I offer in evidence this letter, marked "Exhibit 319" (reading Exhibit 319):

EXHIBIT 319.

POST OFFICE DEPARTMENT,
OFFICE OF THE CHIEF CLERK,
Washington, September 17, 1912.

Mr. JOHN W. SLACK,
Clerk, *Division of Salaries and Allowances*
(*Through the office of the First Assistant Postmaster General*).

SIR: You are charged with insubordination and with failure to render efficient service, as follows:

First. It is charged that you waste time during office hours by reading newspapers, magazines, and books, and visiting in the corridors and rooms in your division with other clerks, especially with Clerk H. S. Barnes. The record of the time wasted by you in this manner for eight days is as follows:

August 23, 1 hour 7 minutes.
August 24, 1 hour 45 minutes.
August 26, 1 hour 30 minutes.
August 28, 2 hours 43 minutes.
August 29, 1 hour 18 minutes.
August 30, 2 hours 37 minutes.
August 31, 51 minutes.
September 9, 1 hour 25 minutes.

Second. That you perform very little work and take no interest in what you do; that when work is assigned to you with instructions to complete it in the shortest time possible you pay no attention to the instructions, and that as a result of this indifference and lack of interest in your duties the work performed by you is of a very inferior quality and has frequently caused serious embarrassment to the division in which you are employed.

Third. That your work does not compare favorably in quality or quantity with that of the lowest-salaried clerks in the Division of Salaries and Allowances.

Fourth. That you ignore written instructions concerning leave of absence by remaining away from the office without previously notifying the superintendent or assistant superintendent of your intention and securing the proper permission. The following specific instances are noted:

June 18, 1912, entire day.
August 2, 1912, entire day.
August 16, 1912, 11.30 a. m. to 4.30 p. m.
August 27, 1912, 4 hours in the afternoon.

Fifth. It is further charged that your conduct and disregard of instructions have a most demoralizing effect on the clerks with whom you are associated.

I have to direct that you submit a written reply to the above-cited charges by September 21, 1912, showing cause, if any, why you should not be removed from the service.

Respectfully,

G. G. THOMSON,
Chief Clerk.

Did you submit your reply to those questions?

Mr. SLACK. Before I answer that I should like to offer—

Mr. BRITT (interposing). Now, answer that question, Mr. Slack.

Mr. SLACK. No, sir.

Mr. BRITT. Then you did not observe the request of the department to submit an answer to the charges preferred in this letter, did you?

Mr. SLACK. That is right.

Mr. BRITT. Have you submitted it until this date?

Mr. SLACK. No, sir; this is not a favorable time.

Mr. BRITT. Did you receive any other communications from the chief clerk?

Mr. SLACK. Quite a few.

Mr. BRITT. Subsequent to this date?

Mr. SLACK. Yes, sir.

Mr. BRITT. Let us have the papers, will you?

Mr. MCCOY. Submit the whole correspondence in chronological order.

Mr. BRITT. Does Mr. Slack want to explain further?

Mr. MCCOY. No; you have asked him a certain question, and he is going to produce the whole correspondence.

Mr. BRITT. All right.

Mr. SLACK. I wish to say that an original letter from the chief clerk of the department to me, dated October 28, 1912, is now in the possession of the Civil Service Commission. That letter was postmarked at Washington as having been mailed on October 31, 1912.

Mr. MCCOY. Have you a copy of it?

Mr. SLACK. No, sir.

Mr. BRITT. Can you get the letter, Mr. Slack?

Mr. SLACK. I have written the Civil Service Commission and asked them to return it to me. They have not done so yet.

Mr. BRITT. When was it that you wrote them?

Mr. SLACK. I wrote them January 1 or 2 of this year.

Mr. BRITT. And you have not received a reply yet?

Mr. SLACK. No, sir. [Witness produces papers.]

Mr. MCCOY. The witness now submits certain correspondence to Mr. Britt, consisting of 21 sheets.

Mr. BRITT. Certain papers, and they are Mr. Slack's papers and not the department's.

Mr. MCCOY. I just wished to state how many papers he had.

Mr. BRITT. Before questioning you as to the facts stated in the letter of the chief clerk of date September 17, being Exhibit 319, I want to ask you if you were not cautioned by officers of the department as to absenting yourself without leave prior to the bringing of any written charges against you?

Mr. SLACK. I was not, and I am very glad you asked me that question, Mr. Britt. I wish to explain. No man in the Post Office Department, and this is absolutely without exception, has ever criticized my work to me personally in the smallest particular or in any other particular.

Mr. MCCOY. Prior to this paper?

Mr. SLACK (addressing Mr. Britt). You can not bring a man up here who will say he did.

Mr. MCCOY. Up to this date?

Mr. SLACK. To this date—right now.

Mr. BRITT. I wish to see if I understand you. You say you were never cautioned by the head of your division to be more punctual in attendance or not to leave the department without leave, and that you never had the matter of talking in the corridor or hall or the loss of time brought to your attention in any way?

Mr. SLACK. Not in any way, and I wish to make a short statement there. I will say other clerks have been cautioned not to talk to me, with the intimation that something would happen to them if they did.

Mr. BRITT. Now, Mr. McCoy, I want the witness to have a chance to explain anything that is an explanation of the question as asked him, but I hardly think, in pursuance of your rule as to others, and what would be the correct rule, as you well know, it would be proper for him to make an explanation of every extraneous thing that has no connection with it.

Mr. McCoy. We will go along and see how he compares with Mr. Bushnell, and perhaps I shall have to call him to order.

Mr. BRITT. I will say in regard to that comparison that I wish Mr. Slack to have a chance to answer the questions and then, if they need explanation, to explain them fully.

Mr. McCoy. You will have noticed that Mr. Bushnell has been allowed, on his request, to make explanations several times, and I do not want Mr. Slack to have any less opportunity. Let us go ahead and see how he develops as a witness.

Mr. BRITT. I would like to see him have a chance to say what he wants to say. Now, I ask you specifically whether the charge that you did, on August 23, 1912, talk in the corridor one hour and seven minutes without leave of absence, and at the loss of time—whether or not that charge is true?

Mr. SLACK. To the best of my recollection, I did not. I do not believe the letter you have states that I did.

Mr. BRITT. Please read my question.

Question repeated.

Mr. BRITT. Is that true?

Mr. SLACK. It is untrue.

Mr. McCoy. I wish to ask you, Mr. Britt, are you going to try Mr. Slack now on these charges, or are you endeavoring to show that he is a biased witness? I ask that question because in the one instance I shall object and not permit the examination to go on, namely, in the respect in which you are asking him whether the charges are true or not; but if you are simply endeavoring to show, if you can, that he is a biased witness because certain charges were made against him, I have no objection to going ahead; but I am not going to have the trial of Mr. Slack injected into this proceeding. If we had a couple of months to go ahead before the award is to be made, I should not have the slightest objection to your doing anything you please in the matter, but the Postmaster General, as we all know, has limited this matter strictly to the 15th day of January, and consequently I am not going to have Mr. Slack tried on the charges here, and I do not think it is of the slightest relevancy in this matter whether the charges are true or not. The charges, as you have read them there, were made in the way you read them, and anybody may infer that therefore Mr. Slack is a biased witness.

Mr. BRITT. Mr. McCoy's inquiry is entirely proper, and he is entitled to a definite answer from me. I have not the slightest purpose, as such, to make any inquiry into any issue between Mr. Slack and the Post Office Department other than to show what I believe to be the fact—that in his statements here as a witness he is biased, and I understand I have a right to show that.

Mr. McCox. Absolutely; I agree with you; but the fact, or not, as it may be, that he was talking for an hour and seven minutes in the corridor has no tendency to show a bias. The fact that he was charged with having so done may have some such tendency. But that fact has been proved. Now, then, you have read this Exhibit 319 to Mr. Slack, and if you take the time to ask him whether each of the charges made is true, why we will be here for the rest of this day. You may ask him whether any of them are true, and that covers the whole proposition, and to that extent I am perfectly willing to go, but I will not have this hearing diverted, and I am perfectly frank to state my reason, which is because I think the Postmaster General in his action in determining we have got to close here on the 15th—or not that exactly, but that he is going to make awards on the 15th—is absolutely unwarranted by the situation, and I do not propose to be diverted here from the main purpose.

Mr. BRITT. I will answer that in a word by saying that I think the Postmaster General's answer in setting a very early date for the closure of this contract is eminently proper and that you have had and will have had time to make your inquiry.

Mr. McCox. I say that I have not had it and that I shall not have had the time. I say there has been a delay in this matter which has resulted simply for the benefit of B. F. Cummins and his companies, and now to have him come along with a statement that he can not complete this work unless he gets his award by the 15th is in furtherance of benefit to the B. F. Cummins companies. The idea of saying that I am responsible, or that this committee is responsible, for the delay, when between the 31st of August when the report was dated and the time we ascertained that an attempt was made to award these contracts I tried, on several occasions, to find out, by writing letters about this report, and got no attention paid to my letters except to say, in substance, that it would be sent to me as soon as it was ready. Now, I do not propose to be criticized in this matter, Mr. Britt.

Mr. BRITT. I am not criticizing you, Mr. McCox. I am merely stating what I conceived to be the facts in the case.

Mr. McCox. I am the subcommittee, and whatever comes to me is a criticism. The delay has been on the part of the Post Office Department and not on my part.

Mr. BRITT. All right; you may argue that as long as you wish and I will submit a brief.

Mr. McCox. I will not accept any briefs, so you need not have that charged up. I can make a report in this matter without any briefs.

Mr. BRITT. Do I understand you do not acknowledge my right to submit a brief?

Mr. McCox. You may do as you please, but I can brief this thing.

Mr. BRITT. But you may want the views on the other side.

Mr. McCox. Bring out your evidence, only understand I am not going to permit Mr. Slack to be tried here now. You can try his case after the 15th of January, right in this committee. It is going to be tried.

Mr. BRITT. I most emphatically state I do not want to try his case; I only want to show his bias. If you will permit me, I will put in evidence to that effect.

Mr. McCox. Very well, but I will not allow him to be asked seriatim whether all those charges are true or not.

Mr. BRITT. All this is going in the record, and it will depend on whether I may show whether he is biased or not.

Mr. McCoy. I am perfectly willing that anybody should take the record and see what bias he has.

Mr. BRITT. If you will permit me, I will continue with my questions unless you are going to adjourn now.

Mr. McCoy. No; I am not going to adjourn now. I am going ahead.

Mr. BRITT. All right, I will wait on you for that. Now, Mr. Slack, I ask you if you were not reminded by the head of the division in which you last worked in the department that you had been absent without leave and that you had not been faithful at your work?

Mr. SLACK. I was not. And if the head of the division or anybody else says that I was he will testify to an untruth.

Mr. BRITT. And you never heard of that until you received these writings?

Mr. SLACK. Absolutely never.

Mr. BRITT. At any time?

Mr. SLACK. The charges were put on my desk while I was out at lunch and laid there a day before a messenger brought them down to me where I was working, and every paper I have received in the case while in the department came to me by being laid on my desk while I was out at lunch.

Mr. BRITT. But you did receive them?

Mr. SLACK. I received them.

Mr. BRITT. When did you go off duty; that is, when did you go off duty and pay, I mean, in pursuance of this order from the Postmaster General received through the chief clerk?

Mr. SLACK. The order of removal?

Mr. BRITT. Yes; when were you removed?

Mr. SLACK. Well, I do not consider I have been removed yet. The order of removal was dated October 11, effective October 3.

Mr. BRITT. You are not on duty now, are you?

Mr. SLACK. No, sir. I will tell you why, if you wish to know.

Mr. BRITT. You answer my question, Mr. Slack, will you? That will be sufficient unless it is necessary to make an explanation. And did you ever hear, Mr. Slack, that your services were not satisfactory on the Senate committee?

Mr. SLACK. No, sir.

Mr. BRITT. You never heard that?

Mr. SLACK. No, sir.

Mr. BRITT. You were never told that by Senator Bourne or by anybody in connection with the office of the committee; the officers of the committee?

Mr. SLACK. No, sir; my connection with the Senate committee was severed by my giving 60 days' written notice.

Mr. BRITT. I am not asking that, but I am asking if you ever heard that your services were not satisfactory from any source whatever?

Mr. SLACK. No, sir; I have heard that they were highly satisfactory.

McCoy. From whom?

Mr. SLACK. From Senator Bourne.

Mr. BRITT. But it is a fact you entertain animus toward the postal officials at this time, is it not, Mr. Slack?

Mr. SLACK. Only in so far as they have been unfair. I have no animosity against any man in the postal service. Animosity is not the word.

Mr. BRITT. Are you in the employ of this committee?

Mr. SLACK. No, sir.

Mr. BRITT. You have been assisting in the preparation of this case, have you not?

Mr. SLACK. I have assisted Mr. McCoy by giving him technical information at such times as it seemed to me that the department was attempting, through its witnesses here—was attempting to conceal the truth.

Mr. BRITT. You have suggested documents that should go into the record, and questions that should be asked of the witnesses, have you not?

Mr. SLACK. I have.

Mr. BRITT. Why did you do that?

Mr. SLACK. Because I think it is high time that the department stated all the truth in a matter of this kind without a lot of compulsion. It is not the first time I have prepared questions to be asked postal officials as you very well know yourself.

Mr. BRITT. How long have you been assisting in the preparation of this case?

Mr. SLACK. Since two days after the hearing opened, that would be on the 14th of December.

Mr. BRITT. How long have you been in the employ of the committee?

Mr. SLACK. I have already answered that.

Mr. BRITT. I so understood you; and you say in the face of all that, notwithstanding your assisting in preparing the case, and you think you have been removed, or at least an attempt has been made to remove you, and you are assisting in the preparation of this case, yet you have no animus toward any officer in the Post Office Department?

Mr. SLACK. No animus; no, sir.

Mr. BRITT. That is all at this time, Mr. Slack.

Mr. SLACK. Animosity is not the word, Mr. Britt. I would say contempt.

Mr. McCoy. You have some little pity for some of them, have you not, who have come here and testified?

Mr. SLACK. Yes, sir; I have. I will add pity.

Mr. McCoy. And you pity them for what reason?

Mr. SLACK. Because if they really know as little as they say they do about this canceling-machine business I think they will all be removed as soon as they get back to the Post Office Department, if they get anything like the treatment that was handed out to me.

Mr. McCoy. Now, Mr. Slack, I want you to tell this committee what your first connection with the Government service was.

Mr. SLACK. I was appointed a clerk, at \$1,200, in the War Department.

Mr. McCoy. Did you occupy any other positions besides that there in the War Department?

Mr. SLACK. Yes, sir; I was disbursing clerk for a long time and

property clerk; I was chief clerk to the Chief Signal Officer, Department of the East, and occupied several other positions.

Mr. McCoy. Did you receive any increase over your \$1,200 salary?

Mr. SLACK. Yes, sir; I was increased from \$1,200 to \$1,400, and so on up to \$1,800, each grade.

Mr. McCoy. When you left the War Department did you go to the Post Office Department?

Mr. SLACK. Yes, sir.

Mr. McCoy. Do you know at whose request you were transferred?

Mr. SLACK. I went there of my own volition, because I took a great interest in postal matters.

Mr. McCoy. Who was the Postmaster General when you went in the Post Office Department?

Mr. SLACK. Mr. George von L. Meyer.

Mr. McCoy. State what positions you have occupied in the Post Office Department, as nearly in the order you occupied them as you can one after the other, with the salaries attached and the different positions, and, very briefly, the duties.

Mr. SLACK. I went into the department at a salary of \$900, the entrance grade, on October 10, 1907, and I served as a stenographer in the printing section for about a month. I was sent into the Postmaster General's office at the end of that time.

Mr. McCoy. Being Mr. Meyer?

Mr. SLACK. Yes, sir; to do a little work temporarily for two or three days, but they kept me there until Mr. Meyer went away.

Mr. McCoy. That is, until he ceased to be Postmaster General?

Mr. SLACK. Yes, sir.

Mr. McCoy. What work were you doing in there?

Mr. SLACK. I was sent in to write correspondence, and at that time they had a great deal of unanswered correspondence on hand from people all over the country, from postmasters and others, relating to parcel post and postal savings banks.

Mr. McCoy. With any increase in salary?

Mr. SLACK. No, sir; not at that time.

Mr. McCoy. Where did you go next?

Mr. SLACK. There was an increase in salary a little later on, after I had done that work a short time, or on January 9, 1908. I was increased from \$900 to \$1,600, which is, I believe, the largest increase from the entrance grade ever given any clerk in the Post Office Department.

Mr. McCoy. What next after that employment?

Mr. SLACK. I continued in the Office of the Postmaster General until he went out of office and Mr. Hitchcock came in, and for three months after Mr. Hitchcock came in. Mr. Hitchcock called me correspondence clerk while he was there.

Mr. McCoy. What duties did you perform while he was there—were they such as correspond to that description—correspondence clerk?

Mr. SLACK. Yes, sir: I looked over all the correspondence that came in from the bureaus for his signature, and corrected it, as to policy, grammar, and everything else.

Mr. McCoy. What was your next position in the Post Office service?

Mr. SLACK. Before Mr. Hitchcock came in there was another promotion.

Mr. McCoy. What was that?

Mr. SLACK. On January 12, 1909, I was promoted to \$1,800.

Mr. McCoy. Were any different duties assigned to you on that promotion, or simply an increase in salary?

Mr. SLACK. Just an increase in salary under Mr. Meyer.

Mr. McCoy. After that, what was the next?

Mr. SLACK. The duties I performed under Mr. Hitchcock for a long time after he came in were, to a certain extent, similar to those I performed under Mr. Meyer. For three months after he came in I continued in the Postmaster General's Office. I was then transferred to the Salaries and Allowances Division. I continued, while there, to prepare correspondence for his signature, and I believe I prepared all the correspondence for his signature on parcel post and postal savings banks for a long time after he was made Postmaster General; until, in fact, he issued an order that I should not prepare any more of it.

Mr. McCoy. Do you know why he issued that order?

Mr. SLACK. No, sir; excepting that I gathered that he did not want me to be sending out so much matter favorable to those two policies as I had been sending out. I scattered it broadcast; I tried to cover everybody that wanted it; everybody that looked like they wanted it, even, and I thought he was rather dissatisfied with my doing so.

Mr. McCoy. What took place after that in the way of advancement?

Mr. SLACK. In the Salaries and Allowances Division, while working there, I was detailed to the Senate, to assist Senator Carter, who at that time had charge of legislation relating to the establishment of the postal savings banks.

Mr. McCoy. Who detailed you there?

Mr. SLACK. Mr. Hitchcock, but very reluctantly.

Mr. McCoy. What were your duties on that detail?

Mr. SLACK. I worked with Senator Carter at every meeting he held on the subject; gave him all the advice he wanted and all the information he wanted about the postal service. I attended every committee meeting to give information asked for by Senators.

Mr. McCoy. Did he rely on you for such information, and the collecting of it?

Mr. SLACK. Yes, sir; he asked to have me from the department for that specific purpose, and I wrote the Senate report on the subject which was acted on by Congress.

Mr. McCoy. Is this paper which you hand me a letter addressed to you from Senator Carter?

Mr. SLACK. Yes, sir; he mentions in there what he thought of my work.

Mr. McCoy. I offer that as Exhibit 320. What was the next?

EXHIBIT No. 320.

Mr. Carter, Chairman.

UNITED STATES SENATE,
COMMITTEE ON IRRIGATION AND RECLAMATION OF ARID LANDS,
Helena, Mont., September 17, 1910.

Mr. J. W. SLACK, *Clarendon, Va.*

MY DEAR SIR: At this late day please accept my acknowledgment of your very valuable services rendered in the collection of data connected with the movement for the establishment of postal savings banks.

Your very intelligent investigations and compilations of facts and figures with regard to the operations of the postal savings systems of other countries proved of very great value in the preparation of reports and the presentation of the subject to Congress.

Wishing you success, I remain,
Very truly, yours,

THOMAS H. CARTER.

Mr. SLACK. All the time I was working for Senator Carter, and that time extended over a period of six or seven months anyway, I was paid by the Post Office Department, although working in the Senate, and when Senator Carter got through with me I went back to my regular desk and went to work again in the department.

Mr. McCoy. In what section?

Mr. SLACK. In the clerk-hire section. It was shortly after that that I was transferred to the miscellaneous section, and put in charge of that section by a written order of Mr. George L. Wood, who was at that time assistant superintendent of the division. I worked in the miscellaneous section until about November 7, 1910, when I was transferred to the appointment division.

Mr. McCoy. As you have previously testified?

Mr. SLACK. Yes, sir. In the spring of 1911 I was transferred to Dr. Grandfield's private office to write correspondence on Sunday service, but not until, according to my information, they had raked the bureau from end to end to get a man to do it and found they could not get one. I submit a letter Dr. Grandfield wrote me, telling me what he thought about that work.

Dr. GRANDFIELD. The work was very well done, indeed, Mr. Slack.

Mr. SLACK. Thank you.

Mr. McCoy. I offer that letter in evidence as Exhibit 321.

EXHIBIT No. 321.

Personal.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, March 27, 1912.

Mr. JOHN W. SLACK,
Room 201, Senate Office Building, Washington, D. C.

MY DEAR MR. SLACK: I thank you for your letter of the 26th instant calling my attention to the reform instituted in the English service in 1849, whereby there was a considerable reduction in the amount of work required of postal employees on Sunday.

Personally I feel very proud of what we have done here in the department toward giving every man in the postal service one day's rest in seven, and I feel that the success that attended our efforts was due in a large measure to the tactful and efficient way in which you handled the correspondence while associated with me here in the office.

Yours, very truly,

C. P. GRANDFIELD,
First Assistant Postmaster General.

Mr. SLACK. And on August 15, 1911, I was detailed to assist Senator Bourne on parcel post, because after he made inquiries at the department he discovered that I was the best-informed man on the subject, and I submit a copy of a letter which Senator Bourne, I think, will be glad to testify is accurate, if any one doubts its accuracy, and which is one of a series which he wrote to every member of the Senate committee about me.

Mr. McCoy. Is it all there?

Mr. SLACK. There is a short part on the next page. I will read all that is pertinent.

Dr. GRANDFIELD. Did I understand you to say that Senator Bourne asked for you by name?

Mr. SLACK. Not exactly. I will read to you what he said, and you will know it is the truth.

Mr. McCoy. What is the date of that letter?

Mr. SLACK. September 28, 1911. He wrote this letter to every member of the Senate Committee on Post Offices and Post Roads.

Dr. GRANDFIELD. I was inquiring about your statement.

Mr. SLACK. This will illuminate it.

Mr. McCoy. You are reading from a copy of a letter addressed to Hon. John H. Bankhead, one of the United States Senators?

Mr. SLACK. Yes, sir.

Before beginning this work—
referring to the parcel-post work—

I inquired at the Post Office Department regarding men who are particularly fitted for work of this kind, and the First Assistant Postmaster General strongly recommended to me Mr. J. W. Slack, who has been in the department for a number of years. Dr. Grandfield informed me that Mr. Slack is the best-informed man on the subject of parcel post. The department assigned him to the committee, and he has been assisting us for a little over a month. The department then informed me that it had no authority to continue this detail, and suggested that Mr. Slack take a leave of absence from the department, without pay, and be employed by the committee; therefore, at my request, Mr. Slack was given one year's leave of absence without pay, and I have employed him to assist in the collation of data.

Dr. GRANDFIELD. My question related to your answer wherein you stated that Senator Bourne asked that you be detailed. As a matter of fact he asked me if I could recommend some one to be detailed.

Mr. SLACK. Yes, sir.

Mr. BRITT. And you did recommend Mr. Slack, did you not?

Dr. GRANDFIELD. I did recommend Mr. Slack.

Mr. SLACK. Then Senator Bourne asked for me personally, because you called me into your office and told me personally he did.

Dr. GRANDFIELD. After I gave him your name and position, then he asked the Postmaster General to detail you.

Mr. SLACK. That is right.

Mr. McCoy. Did you testify that there was a considerable amount of telegraphing, etc., before the request was granted?

Mr. SLACK. Yes, sir; I have copies of the telegrams.

Dr. GRANDFIELD. It was due, as I recollect it, to the fact that I was out of the city when Senator Bourne's formal request reached the Postmaster General, and he had forgotten the former conversation I had with him on the subject, but when I came back it was readily straightened out.

Mr. SLACK. My understanding of it is that just previously Mr. Hitchcock ordered me to report to the Dead Letter Office, as I have already stated, without the formality of asking Senator Bourne's consent, or that of anybody else.

Mr. McCoy. The order directed you to the Dead Letter Office?

Mr. SLACK. No, sir; directed me to report for duty to the Fourth Assistant Postmaster General. There was another order in the department—

Mr. McCoy. That letter is dated September 12, 1911, is it not?

Mr. SLACK. Yes, sir; and that is what caused all the telegraphing. I was in Atlantic City at the time with Senator Bourne. Then, on April 18, 1912, I came back to the Post Office Department and took my old desk, and told them I had returned from leave of absence, and went to work. I stayed there about a month.

Mr. BRITT. What is that date?

Mr. SLACK. April 18, 1912. I stayed there about a month, in Dr. Grandfield's private office, and shortly after I wrote the letter which has already been testified about, at Mr. Bushnell's suggestion, I was transferred to the Division of Salaries and Allowances, and, as I had reason to believe, watch was kept on me from that time until the time the order was issued suspending me from service.

Mr. McCoy. You say, transferring you to the Division of Salaries and Allowances. You mean the appointment division, do you not?

Mr. SLACK. No, sir; the Division of Salaries and Allowances.

Mr. McCoy. When was that?

Mr. SLACK. That happened in May, 1912.

Mr. McCoy. Transferring you from or to it?

Mr. SLACK. To it; from Dr. Grandfield's office; shortly after that letter was written that Mr. Bushnell has testified about, and I have, too.

Mr. McCoy. Which one is that?

Mr. SLACK. The letter to the House and Senate Committees on Post Offices and Post Roads on the \$270 provision in the appropriation annually, of which that was one part.

Mr. McCoy. Since that transfer what was your experience in the department until they undertook to remove you?

Mr. SLACK. It was extremely difficult for me to get work to do. I would ask Mr. Buehler, who was supposed to give out work for that division, to get me something to do, but it was awfully hard to get it. I did all I was given to do. I did it promptly and I did it well.

Mr. McCoy. Did you make any other attempt to get any work at that time?

Mr. SLACK. No, sir; all my attempts were addressed to Mr. Buehler because he had charge of giving out the work. The work came down from upstairs to him, but as soon as I would finish anything I would turn it right in, and on several occasions I mentioned to Mr. Koons that I was through my job and ready for something else—Mr. Koons being the superintendent of the division.

Mr. McCoy. In substance, you were not assigned anywhere near the amount of work which you could have done, were you?

Mr. SLACK. No, sir; and nothing like the class I could have done if I were given the chance to do it. There was a general impression in the division at that time that I might possibly be put back on the

canceling-machine desk, and Dr. Grandfield has testified he had been looking for a long time for a man with sufficient ability to handle that work. I think I could have handled it.

Mr. McCoy. Are any of the charges which are contained in Exhibit No. 319 true?

Mr. SLACK. No, sir.

Mr. McCoy. Were you ever told who made the report on which those charges were based?

Mr. SLACK. No, sir.

Mr. McCoy. Have you ever seen any affidavits of the man who is supposed to have made the observations which he undertakes to report or on which you are charged?

Mr. SLACK. No, sir; I asked repeatedly for them, particularly as one of the charges accuses me of demoralizing the other clerks. I wanted to get a chance to sue the man who would make an affidavit like that. I should like to say right here that in a later letter I got from the department enumerating a great variety of charges they very carefully omitted that particular charge, after I had made a statement similar to the one I have just made to you to them in writing.

Mr. McCoy. As a matter of fact, so far as the question of the assignment of canceling machines and pickup tables is concerned, that department was in a state of demoralization, was it not?

Mr. SLACK. It seemed so to me.

Mr. McCoy. And it was because of what the men in the department believed was going on in regard to the assignments to the Cummins Co. and their relations with that company, was it not?

Mr. SLACK. Yes, sir; I can mention a short incident to illustrate that.

Mr. McCoy. All right, go ahead.

Mr. SLACK. Mr. William W. Chance, who is a man who keeps everybody happy down there, is very pleasant, and so forth, came to the door of the miscellaneous section one time while I was in there getting a drink of water—and I suppose a record was made of that drink—and Mr. Chance said, "Good morning, have you got that letter from Cummins this morning?" He then added, "Have you read it between the lines?"

Mr. McCoy. What did you take him to mean by that?

Mr. SLACK. I took him to mean that there was a good deal between Cummins and the department which was not expressed in writing, but which would more likely be found between the lines, where there was nothing written, and I know everybody there laughed and stopped work for some little time after that, but I do not think any record was made of anybody in that room except me.

Mr. McCoy. You have answered, in response to a question of Mr. Britt's, that you could tell him why you are not on duty in the Post Office Department now.

Mr. SLACK. Because the Postmaster General signed an order suspending me from pay and duty, which he had a perfect right to do under the law, until a certain thing happened.

Mr. McCoy. What was the certain thing?

Mr. SLACK. Until he got a report from a post-office inspector, and I have no means of knowing whether he got the report or not.

Mr. McCoy. Dr. Grandfield, do you know whether any report has been received from any post-office inspector in regard to Mr. Slack?

Dr. GRANDFIELD. I do not.

Mr. McCoy. Did you ever hear of any?

Dr. GRANDFIELD. No, sir.

Mr. McCoy. Who would know?

Dr. GRANDFIELD. The chief clerk of the department, I presume, or the chief inspector or the Postmaster General.

Mr. McCoy. The chief inspector, as I understand, in fact it was testified to here, always turns over every thing with the report and empties his office of those things, is not that so?

Dr. GRANDFIELD. No; he keeps a record of them.

Mr. McCoy. He does report. In this instance to whom would he report?

Dr. GRANDFIELD. He would report to the Postmaster General.

Mr. McCoy. I should like to have whatever reports there are in the department on this particular matter of Mr. Slack's removal, Mr. Britt, and I hope you will relieve me of the necessity of writing a letter; and I wish to say in that connection that I have not had time to dictate a letter to the Postmaster General asking for the Kansas City and other reports, but I hope to get them without the letter. I am too busy to write it. I have made the request here.

Mr. BRITT. Mr. McCoy, one moment. Am I to infer from this that you are going along to do just what I agreed I should not do—try this issue?

Mr. McCoy. No; but I want to see those reports. I want to see them now, at this time.

Mr. BRITT. I will say to you frankly that I do not think the Postmaster General will agree for reports to be taken out without written requests, for that rule has been followed and there are requests for records from various committees, and unless there are written requests made he feels that the records can not be properly kept and the files safeguarded. I doubt if anybody in the department would be allowed to get them without a written request.

Mr. McCoy. I do not wish to violate the rules. I will try to get the request ready.

Mr. BRITT. I shall be glad to assist you in getting those or any other records, Mr. McCoy.

Mr. McCoy. I know, Mr. Britt, that is so. I have always found you did. You have been asked whether you have not been assisting me here, Mr. Slack. We have before us on this table in this room at this time a mass of papers in regard to various matters, which would take months for any one not thoroughly familiar with the post office business to pick out and handle properly, is not that your opinion?

Mr. SLACK. Yes, sir; that is my opinion. I think if you would ask somebody else they would say the same thing.

Mr. McCoy. A parcel post system has recently been put in operation by the Government. Did you receive any instructions from the Postmaster General in regard to that matter within the last five or six months?

Mr. SLACK. I received a copy of an order which had been issued by the Postmaster General, and I asked everyone else I knew in

the department, almost without exception, if they got one, and they said they had never heard of one.

Mr. McCoy. And you hand me the paper now, do you?

Mr. SLACK. Yes, sir.

Mr. McCoy. And this paper was handed to you by whom?

Mr. SLACK. By Mr. Price, who is a clerk in the Division of Salaries and Allowances, immediately after I had returned from a leave of absence. He asked me if I had seen that. He said, "You have to give up everything you know now." I said, "No; I have not seen it." He said, "I will take care you do," and he went and got me a copy of it.

Mr. McCoy. Is this the paper, dated September 3, 1912?

Mr. SLACK. Yes, sir.

Mr. McCoy. Who did you say Mr. Price is?

Mr. SLACK. He is a clerk in the Division of Salaries and Allowances. I do not know that he ever qualified as a clerk. I understand he was transferred there from the Treasury Department with the understanding he was going to go around to the post offices and make reports on canceling machines and all kinds of labor-saving devices.

Mr. McCoy. Has he ever gone around on that errand, do you know?

Mr. SLACK. Not to my knowledge. He told me he had been in that division 18 months with practically nothing to do, and that he did not like to do clerical work and would not do it.

Mr. McCoy. Did he express any belief as to why he had not been sent out?

Mr. SLACK. He told me that Mr. Cummins did not like him.

Mr. McCoy. He gave that as a reason for his not having been sent out to inspect machines?

Mr. SLACK. Yes, sir.

Mr. McCoy. While we are on that I am going to change over to another witness. Mr. Stoddard, do you know this Mr. Price whom Mr. Slack has just been testifying about?

Mr. STODDARD. I have seen him in the Post Office Department. I have no particular acquaintance with him outside of that.

Mr. McCoy. Did he ever tell you that he was appointed, as he understood, to look after canceling machines and labor-saving devices in the Post Office Department?

Mr. STODDARD. He said he was transferred there for that purpose.

Mr. McCoy. Did he state to you whether or not he had ever gone around on that kind of an errand?

Mr. STODDARD. He said he had not.

Mr. McCoy. Did he express his belief as to why he had not?

Mr. STODDARD. I can not recollect just what he said. I have stated the impression left on my mind, but I can not recollect.

Mr. McCoy. Did he say anything to you as to why Mr. Slack had been removed, or attempted to be removed?

Mr. STODDARD. He did and he did not. If you will allow me to relate the conversation, it will be perfectly plain.

Mr. McCoy. All right, answer it in your own way, Mr. Stoddard.

Mr. STODDARD. I was passing through the corridor, and his desk was in the corridor, and the conversation was like this: "You know Slack has been removed?" "Why, I have heard so." "Well, you

know what for?" "I have understood he was removed for reading newspapers." "Oh, no; you know better than that." Then he remarked, "You know Barnes has been reduced?" "Just heard of it." "You know why that was done?" "I have been informed he had not been attending to his work properly." "Oh, well, you know better than that, the conditions here are as rotten as they were when Beavers was here."

Mr. McCoy. Who was Beavers?

Mr. STODDARD. George W. Beavers, the former Superintendent of Salaries and Allowances.

Mr. McCoy. What happened to him?

Mr. STODDARD. I believe he went to some place in West Virginia.

Mr. McCoy. Was that to some penal institution in West Virginia?

Mr. STODDARD. Yes, sir.

Mr. McCoy. After a trial, of course?

Mr. STODDARD. Yes, sir.

Mr. McCoy. On what charges, or what was the indictment about, if you know, generally speaking?

Mr. STODDARD. It was about some irregularities that he was concerned in in post-office matters in connection with that division. I can not testify exactly.

Mr. McCoy. Did it have anything to do with canceling machines?

Mr. STODDARD. The Doremus machine was—I can not state specifically what the indictment was, but my understanding was the Doremus machine and the time recorder were the specific machines, but the indictment will show. I can not tell you.

Mr. BRITT. I should like, Mr. McCoy, to object to this very vague and indistinct matter going on the record, but if you feel it has any relevancy, why, all right.

Mr. McCoy. You may cross-examine all you wish. Mr. Stoddard, you have made certain statements without saying, "He said" and "I said." What you have stated went on that way, did it not? Mr. Price said something and you made the reply?

Mr. STODDARD. Yes, sir. May I add to the conversation of Mr. Price and my reply to the last statement he made, last remark he made?

Mr. McCoy. Yes.

Mr. STODDARD. My reply was that I had been connected with the department myself where matters of large contracts were rescinded by my recommendations—that some kind friends had thought I had lined my pockets, and that I was the one person who knew whether that was true or not. I knew how unjust it was, and I hesitated about even giving any credit to any statements of that kind. What I wish to make plain is that that was not a remark of mine or provoked by any remark that I made—that is, the remark about Beavers.

Mr. McCoy. Now, getting back to where I started, to the instructions given to Mr. Slack, as he was informed by the Postmaster General. They read as follows:

SEPTEMBER 3, 1912.

The Postmaster General directs that every possible assistance be rendered to the committee appointed by him to investigate the putting into operation a parcel-post system in accordance with the law passed by Congress recently. It is expected that from time to time certain information or assistance may be needed from individual officers or clerks in the various bureaus, and it is the

Postmaster General's desire to afford the committee every opportunity to conduct their investigation and to work out a suitable plan without the slightest obstacle in their way.

Mr. SLACK, what did you do in compliance with that order?

Mr. BRITT. The copy——

Mr. SLACK (interposing). The copy that was handed to me by Mr. Price?

Mr. BRITT. Had no signature to it?

Mr. SLACK. No; copies of the Postmaster General's orders go around that way within the department.

Mr. MCCOY. Without signatures, you mean?

Mr. BRITT. Do you say the Postmaster General's orders are distributed without signatures?

Mr. SLACK. The copies.

Mr. BRITT. There is no official stated here.

Mr. SLACK. You can deny the order was issued, if you want to. It was given me as the Postmaster General's order by Mr. Price.

Mr. BRITT. I insist that it lacks a great deal in form, and I think in substance, of being the Postmaster General's order, though the middle part of it might be taken as an order. I do not think it ought to go into the record that way.

Mr. MCCOY. I have read the paper, and anybody may look at it in any light they please. Mr. Slack got it and was told that it was an order from the Postmaster General, and he just testified that similar papers are handed around to clerks in the department frequently.

Mr. SLACK. Not until there is a signed order in the division, of course, and in order to give every clerk a copy.

Mr. MCCOY. At any rate you took this as an order of the Postmaster General to you, did you not?

Mr. SLACK. Yes, sir.

Mr. MCCOY. And you acted on it as such, did you not?

Mr. SLACK. Yes, sir.

Mr. MCCOY. Now, I ask you what you did in pursuance of this order?

Mr. SLACK. I gave Mr. Koons, who was a member of the committee, everything he asked me for on the subject.

Mr. MCCOY. Did he take much of your time in furnishing him with that information?

Mr. SLACK. It took a good deal of my time to get such information for him and others. In order to get some of it it was necessary for me to come up to the Capitol, and I took my own time for that, and then I turned over to Mr. Koons what he wanted when I got back.

Mr. MCCOY. You did come up to the Capitol frequently for that purpose, did you?

Mr. SLACK. Yes, sir.

Mr. MCCOY. What did you get when you went there?

Mr. SLACK. Different printed documents he found he needed. He did not direct me to come to the Capitol and get them, but he asked me to let him have them, if I could conveniently.

Mr. MCCOY. Did Mr. Koons know you had done any parcel-post work?

Mr. SLACK. Yes, sir.

Mr. MCCOY. For the Senate committee?

Mr. SLACK. Yes, sir.

Mr. McCoy. When did you get this order, at or about the time it bears date, September 3, 1912?

Mr. SLACK. Yes, sir.

It is now 10 minutes after 2 o'clock, and we will adjourn until 10 minutes after 3 o'clock.

AFTER RECESS.

The committee reconvened at 3.20 p. m.

Mr. McCoy. Mr. Slack, before recess you testified, when your motives were under investigation, that you wanted to see that the committee got correct information?

Mr. SLACK. Yes, sir.

Mr. McCoy. I infer from that that sometimes committees of Congress do not get correct information from the Post Office Department?

Mr. SLACK. Yes, sir.

Mr. McCoy. That is what you meant me to understand, did you not?

Mr. SLACK. Yes, sir.

Mr. McCoy. Have you known of other instances where any committee of Congress was not fully informed as to the real situation?

Mr. SLACK. Any other instance?

Mr. McCoy. Yes.

Mr. SLACK. Yes, sir. In regard to the so-called eight-hour law.

Mr. McCoy. Take it in regard to the question of the eight-hour law, so called. When was that law passed?

Mr. SLACK. On August 24, 1912.

Mr. McCoy. Prior to the passage of that act did the Post Office Department send out letters of inquiry addressed to various postmasters asking for their views in regard to such law?

Mr. SLACK. Yes, sir.

Mr. McCoy. Did you have anything to do with the sending out of those letters?

Mr. SLACK. No, sir; they came to me later.

Mr. McCoy. The answers came to you?

Mr. SLACK. Yes, sir.

Mr. McCoy. In what connection? Explain how they came to you and what you did or were instructed to do.

Mr. SLACK. Well, I received a copy of a letter which had been prepared upstairs, addressed to Senator Lorimer, and, as far as I know, the letter was actually sent out.

Mr. McCoy. You were informed that it was?

Mr. SLACK. Not specifically; no, sir; but it came to me in such a way that I would naturally so conclude. It was a long letter taking issue with the so-called eight-hour provision in the Senate bill, and in this letter to Senator Lorimer a quotation was made from a letter from the postmaster at Chicago, Ill., which very strongly upheld the department's position in opposition to that particular legislation. My instructions were to prepare similar letters to every other member of the Senate committee excepting Senator Bourne, and I did so. There was a memorandum which came down with that letter to pre-

pare the others in the same form as the one sent to Lorimer, and a short note from Dr. Grandfield to give them some local color. I presumed I was expected to pick out the postmaster in each particular State from which those Senators came, making a quotation from them similar to the one which had been made to Senator Lorimer as coming from the Chicago postmaster.

Mr. McCoy. You were not instructed to prepare a letter for these various Senators giving the information as to what these other postmasters actually did write?

Mr. SLACK. No, sir; but in the letter itself was a statement to the effect that every postmaster of first and second class post offices was against the legislation, and I know very well that such was not the fact. In some instances the postmasters did not reply at all, and in others they replied and said the proposed legislation was a mighty good thing and hoped it would go through.

Mr. McCoy. Now, you prepared such letters, you say, and what became of them?

Mr. SLACK. I sent them upstairs and retained a carbon copy, but the originals never came back. I spoke to the superintendent, Mr. Koons, about it once or twice, and he told me that he believed they were prepared so that they could be sent to the Senate committee if the situation was found to be such that it was believed they would do any good.

Mr. McCoy. Now, Mr. Britt, do you wish to ask Mr. Slack anything on that point?

Mr. BRITT. I can not see that it has any relevancy to this case.

Mr. McCoy. Oh, I think so. Mr. Slack's motives were questioned and Mr. Slack said the reason he was here was because he thought this committee ought to get correct information.

Dr. GRANDFIELD. As I understand it, Mr. McCoy, he does not claim that they were to be sent to any Members of Congress.

Mr. McCoy. They were to be sent to the members of the Senate Committee on Post Offices and Post Roads, except Senator Bourne, Senator Lorimer having received a letter previously.

Dr. GRANDFIELD. Well, is it not a proper assumption to make that if the letters contained misinformation that they were not sent?

Mr. McCoy. No; I do not think so.

Dr. GRANDFIELD. There is no evidence that any such letter was sent.

Mr. McCoy. There is the evidence that one such letter went to Senator Lorimer.

Dr. GRANDFIELD. One letter containing a misstatement? I do not think so. (To Mr. Slack:) Did you testify—

Mr. SLACK (interposing). I will testify that there is a misstatement in this letter here. I do not say that Senator Lorimer's letter was actually sent, but I had reason to suppose that it was sent.

Dr. GRANDFIELD. Is there any misstatement in the letter you say was sent to Senator Lorimer?

Mr. SLACK. In the letter I saw.

Dr. GRANDFIELD. You made a misstatement?

Mr. SLACK. I did not prepare the Lorimer letter.

Dr. GRANDFIELD. What was the misstatement?

Mr. SLACK. It was said that every postmaster in the first and second class offices was opposed to this legislation and upheld the department, or words to that effect. I knew that was not so.

Dr. GRANDFIELD. I think it would be better to introduce in evidence the letter that was actually sent to Senator Lorimer before any such accusation should be made.

Mr. McCoy. The copy ought to be in the department. Let us have the copy. I keep hearing things about these matters from time to time—

Dr. GRANDFIELD (interposing). You expect us to refute erroneous statements made by Mr. Slack?

Mr. McCoy. I do not suppose they are erroneous.

Dr. GRANDFIELD. We do not propose to refute statements made by Mr. Slack that are not erroneous.

Mr. McCoy. If you have anything in the department in the shape of the letter to Senator Lorimer bring it here.

Mr. SLACK. All the other copies that I referred to were in my desk.

Dr. GRANDFIELD. The real test, though, is whether the letter that contained the misinformation was sent out.

Mr. McCoy. The testimony is that a copy of a letter which Mr. Slack never saw and never had anything to do with came down to him with a memorandum attached to it. It was a copy of a letter purporting to be addressed to Senator Lorimer. Mr. Slack said that he supposed the original was sent. At any rate, he had never seen the original and had never previously seen the copy. The copy contained what he testified was an erroneous statement. I presume that copy is in the department.

Dr. GRANDFIELD. Then what was his statement about the memorandum with the letter that I sent down?

Mr. McCoy. The statement was that he was to prepare similar letters to send to the other Senators on the committee except Senator Bourne, and to give them local color.

Dr. GRANDFIELD. Then, do I understand Mr. Slack to imply that that memorandum contained instructions to write something that was not true?

Mr. McCoy. No; I understand it to mean that he was to pick out from the letters that did come in, so far as he could find any such letters, those which were opposed to the legislation.

Dr. GRANDFIELD. Would that be giving incorrect information?

Mr. McCoy. It would, if from the State from which the Senator came—to whom the letter was to be sent—there had come letters in favor of the law.

Mr. BRITT. Suppose it said that the postmaster at two or more places favored so and so?

Mr. McCoy. I will go on with Mr. Slack. You understand that the attitude of the department was against this legislation?

Mr. SLACK. Yes, sir; I know it was.

Mr. McCoy. How did you know?

Mr. SLACK. From the way those letters read. It was not as Dr. Grandfield seems to think now, that the letters from the postmasters would contain incorrect statements, but the letter of which a copy was furnished me to work from contained a statement, which was untrue, to the effect that all postmasters in the first and second class post offices opposed this legislation.

Dr. GRANDFIELD. I do not think there is any question, Mr. McCoy, in regard to the department's position. We certainly did oppose the legislation, but we did not intentionally furnish any committee of Congress or anyone else with an incorrect statement; and if a clerk is prepared to get up and say that he was directed to prepare an incorrect statement, it seems to me he should begin with better evidence.

Mr. McCoy. Well, you produce the letter sent to Lorimer—all the letters received from the postmasters on the eight-hour law and the copy of the letter which was addressed to Senator Lorimer, with evidence as to who dictated it or at whose direction it was dictated; and if Mr. Slack is wrong, he will be proven to be wrong; and if he is right, it will prove that he is right.

Now, I have before me, Mr. Bushnell, a copy of Exhibit No. 313, which is the report of August 31, 1912. At the bottom of page 1 of that report I read: "Numerous tests have been made in the Washington City post office of the different models of machines for which proposals to rent were submitted," etc. Does that mean committee tests?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Where is the report of the committee test at the Washington City post office on the Cummins No. 11?

Mr. BUSHNELL. The Cummins No. 11 machine was not in the Washington post office.

Mr. McCoy. But the statement is that "numerous tests have been made in the Washington City post office of the different models of machines for which proposals to rent were submitted." Were any proposals submitted by the Cummins Co. to rent No. 11?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Was any committee test made in the Washington City post office of the American Co.'s hand-power machine, the one that could be operated by hand power and could be converted into a power machine—No. 1 hand power. (To Mr. Stoddard:) You call your machine a hand-power machine?

Mr. STODDARD. No. 1, and the other is No. 1 hand power.

Mr. McCoy. No. 1 is with a motor and No. 1 "hand power" is hand power without a motor?

Mr. BUSHNELL. Yes, sir. I think that machine was tested in June.

Mr. McCoy. Where is your report about that?

Mr. BUSHNELL. Mr. Andrus made that test. I was either—

Mr. McCoy (interposing). Well, those two machines were also tested in Boston?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Where is the report of the committee on those tests?

Mr. BUSHNELL. I gave it to you this morning.

Mr. McCoy. That is not embodied in this report in any way?

Mr. BUSHNELL. No.

Mr. McCoy. On page 2 it says:

Much information needed for comparative purposes in framing this report concerning the capacity and efficiency of machines in the service, the rental prices, operating power, etc., has been also obtained through the office of the First Assistant Postmaster General.

Was that information so obtained in the form of various reports?

Mr. BUSHNELL. Those are the tests that have been introduced in

evidence from postmasters in answer to the circular letter of November 7; also those two tests made of the Universal machine, which were on file. Those tests had been made in the usual way; that is, following the practice that has prevailed in the department of making any test of any machine whenever an inventor asks that privilege.

Mr. McCoy. You state also under the heading of "The canceling machine industry":

The manufacturers must therefore look to the Post Office Department as their main customer.

Did you mean the United States Post Office Department?

Mr. BUSHNELL. No; I think that is mentioned somewhere in here, that they are also used in the postal service of other countries.

Mr. McCoy. Then you did not mean that statement to convey the idea that it was confined to the Post Office of the United States?

Mr. BUSHNELL. No.

Mr. McCoy. What was the object in making it?

Mr. BUSHNELL. The committee believed that the Post Office Department—

Mr. McCoy (interposing). What post office department?

Mr. BUSHNELL (continuing). Was the main customer in the United States.

Mr. McCoy. That is what I asked you. You referred to the Post Office of the United States, did you not?

Mr. BUSHNELL. Yes.

Mr. McCoy. And I just want to call your attention to the fact that that is the exact question that I have asked you, and it has taken nearly a page of the stenographer's transcript here to get an answer. On page 3 of the report, you say, down toward the bottom:

An analysis of the schedule of proposals will show that of the eight companies or individuals whose proposals were opened on March 20 only three quote prices under each of the four items on the basis of the entire award.

Was the analysis which you speak of prepared from the bids?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Under the third paragraph of the specifications, being the one which you have testified before covered nonautomatic machines, did any company except the American Co. who could furnish such a machine make a bid?

Mr. BUSHNELL. Yes, sir; the Universal Co. and the B. F. Cummins Co. both made bids under that item.

Mr. McCoy. Do they manufacture these nonautomatic machines such as was intended to be called for?

Mr. BUSHNELL. They submitted a bid for that machine to take the place of the other machine.

Mr. McCoy. Exactly. That is the answer, is it not?

Mr. BUSHNELL. That is the answer.

Mr. McCoy. Then they did not submit a bid for that very kind of machine?

Mr. BUSHNELL. They submitted a bid under that item.

Mr. McCoy. They did not submit a bid for that very kind of machine, did they?

Mr. BUSHNELL. I have never seen any of their machines that was nonautomatic.

Mr. McCoy. Do you know whether they have any?

Mr. BUSHNELL. I do not.

Mr. McCoy. How many of that kind was called for?

Mr. BUSHNELL. One hundred and twenty-five.

Mr. McCoy. And you have recommended, if I read your report rightly, that none of the kind specified in that item be awarded, and that the 125 be assigned to certain manufacturers making a different sort of machine?

Mr. BUSHNELL. I think that is substantially the recommendation.

Mr. McCoy. Now, you heard Mr. Holmes testify the other day?

Mr. BUSHNELL. Yes.

Mr. McCoy. He called your attention to the fact that in his opinion that was illegal, or called *my* attention?

Mr. BUSHNELL. He made that statement.

Mr. McCoy. And I call your attention to the fact, and I ask you to call the attention of the Postmaster General to the fact, that he so testified, and I ask you to do it as soon as he comes back and before the 15th of January.

Mr. BUSHNELL. Will the stenographer read that question?

The stenographer read as follows:

Mr. McCoy. Now, you heard Mr. Holmes testify the other day?

Mr. BUSHNELL. Yes.

Mr. McCoy. He called your attention to the fact that, in his opinion, that was illegal, or called *my* attention?

Mr. BUSHNELL. He made that statement.

Mr. McCoy. And I call your attention to the fact, and I ask you to call the attention of the Postmaster General to the fact, that he so testified, and I ask you to do it as soon as he comes back, and before the 15th of January.

Mr. BUSHNELL. In other words, you request me to report to the Postmaster General that the purchasing agent made a statement—

Mr. McCoy (interposing). That what you had recommended could not lawfully be done. And I call your attention to the fact that, in my opinion, it is your duty as a member of the canceling-machine committee to do it, especially as you are the chairman of it. The Cummings bid of March 20 contained what are known as "split bids." did it not? Or, in other words, as you say at page 4, under items A, B, and D, they submit in each instance two grades of machines, varying in price, and divide the number to be furnished?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. That is, what is sometimes know as a split bid?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Did any of the other bidders submit such a bid?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Do you know that it is well recognized by those familiar with bidding that unless such bids are specified it is unfair to submit such propositions?

Mr. BUSHNELL. I have no knowledge on that subject.

Mr. McCoy. I call your attention to a report recently filed, made by a subcommittee of the Committee on the District of Columbia of the House of Representatives, being a report which was filed in December, 1912. Unfortunately, there is no document number on it, but you can get it at the document room without any trouble. The subcommittee was composed of Messrs. Johnson, Oldfield, Redfield, Lobeck, Sulloway, Dyer, and Berger, all Members of Congress, and it is a unanimous committee report.

Mr. BRITT. You are offering that for the record?

Mr. McCoy. I am just calling his attention to it.

In that connection I am going to read from page 20 of your report in this same exhibit (Exhibit No. 313), referring to one of these split bids:

So far as the canceling machine committee has been able to determine, these machines are practically identical, except, possibly, as to the finish. The president of the company states that the basis for this difference in price is largely in the cost of maintenance, it being claimed that the wear and tear on any machine is greater in an office where it is used almost continuously than where it is used for a few hours only.

And so forth.

Mr. BUSHNELL. Mr. McCoy, in that paragraph from which you read, on page 3, there is a typographical error. That should be "Nine companies or individuals," instead of "eight." That is not material, however.

Mr. McCoy. Well, all right. There were nine companies. I believe we developed that some time ago, but I will leave that as it stands. I do not want to change it, but we will call attention to it now. The Cummins Co. under its bid of March 20, 1912, proposed to furnish how many models of machines?

Mr. BUSHNELL. There are three models [counting]—there are four models.

Mr. McCoy. What numbers do they bear?

Mr. BUSHNELL. 5, 7, 9, and 11.

Mr. McCoy. Well, you have not made any award on No. 9, have you?

Mr. BUSHNELL. No, sir.

Mr. McCoy. You have made awards or recommendations in favor of Nos. 5, 7, and 11?

Mr. BUSHNELL. 5, 7, and 11.

Mr. McCoy. Are all three of those machines substantially the same?

Mr. BUSHNELL. Yes, sir; in principle they are.

Mr. McCoy. Well, are not the parts interchangeable, as a matter of fact?

Mr. BUSHNELL. The post-marking mechanism is interchangeable.

Mr. McCoy. Are not the other parts interchangeable?

Mr. BUSHNELL. No; the turret or disk is slightly smaller on the No. 11 machine.

Mr. McCoy. Than it is on Nos. 5 and 7?

Mr. BUSHNELL. Yes.

Mr. McCoy. What do you mean by "turret"? Or, rather, what function does the turret perform?

Mr. BUSHNELL. I use that for want of a better description. I do not know just what it should be called. It is the main part of the machine.

Mr. McCoy. It is a drum, is it not?

Mr. BUSHNELL. Well, it might be called a drum or a disk.

Mr. McCoy. Well, there is a large difference between a drum and a disk, I should imagine, except the drum of your ear is a disk, maybe. But this has the shape of a drum?

Mr. BUSHNELL. No; it has the shape of a straw hat, I should say, with the brim carrying the letters through.

Mr. McCoy. You mean a curl brim or a flat brim?

Mr. BUSHNELL. Flat.

Mr. McCoy. The upper part of it is shaped something like a drum?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. What function does it perform?

Mr. BUSHNELL. The lower part of it carries the letters through the postmarking mechanism.

Mr. McCoy. What function does the upper part perform?

Mr. BUSHNELL. The upper part performs no function.

Mr. McCoy. It simply takes care of the brim, does it not?

Mr. BUSHNELL. Yes.

Mr. McCoy. The same as the top of a hat takes care of the brim? [Laughter.]

Mr. BUSHNELL. Yes.

Mr. McCoy. Do you think the machine could be operated without this drum part of it separated from the brim?

Mr. BUSHNELL. I do not know.

Mr. McCoy (after a pause). Read the last question and answer.

The stenographer read as follows:

Mr. McCoy. Do you think the machine could be operated without this drum part of it separated from the brim?

Mr. BUSHNELL. I do not know.

Mr. McCoy. Is it the fact or not that when the die strikes the letter on one side the other side of the letter is against the drum?

Mr. BUSHNELL. I think that is right.

Mr. McCoy. You think it is right?

Mr. BUSHNELL. Yes.

Mr. McCoy. Well, I have been informed in your presence here by a man who makes canceling machines that it is. I would have supposed that you had discovered it before now. I had not.

Mr. BRITT. I have kept silent about it. [Laughter.]

Mr. McCoy. We have to tread very lightly in this matter, I tell you.

Mr. BRITT. In some things silence is golden.

Mr. McCoy (continuing). And I was not going to make any break until I had found out. I have seen something of these machines, but I would not know what the different parts are. As long as the witness has discovered that it is, at this late day, I am glad we have given him that much instruction, anyway.

Now, Mr. Bushnell, your report says, at page 7, that the machines which the Cummins Co. offers under these bids of March 20 are in model and construction "an entire departure from any which have thus far been used in the service." Now, what do you know about that?

Mr. BUSHNELL. I think that is a correct statement.

Mr. McCoy. Well, what makes you think so?

Mr. BUSHNELL. They are of entirely different construction from any machine that the committee had under consideration or machines which the department has at present in the service.

Mr. McCoy. Has the Ielfield machine ever been called to your attention?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Has it ever been in the service?

Mr. BUSHNELL. No.

Mr. McCoy. Where was it called to your attention?

Mr. BUSHNELL. Why, we had the machine down here for the first time during the summer of [pause]—

Mr. McCoy. Well, did it have about it anything that was similar to these Cummins Nos. 5, 7, and 11 machines?

Mr. BUSHNELL. No; it is different construction.

Mr. McCoy. Do you not know that the Ielfield people claimed that this No. 11 machine had any device which infringed their patent?

Mr. BUSHNELL. They never made any such statement to me.

Mr. McCoy. Did you ever hear that they did make the claim?

Mr. BUSHNELL. Never heard of it. The machine that Mr. Ielfield had here in the Washington office for the committee to examine and test was not at all like the Cummins machine.

Mr. McCoy. How about Mr. McCarthy? Did he submit a machine?

Mr. BUSHNELL. An electric machine.

Mr. McCoy. What is the name of his company?

Mr. BUSHNELL. The Columbia Postal Supply Co.

Mr. McCoy. Did that machine have in it any device similar to those contained in the Cummins No. 11?

Mr. BUSHNELL. I do not think so.

Mr. McCoy. Now, referring to these Cummins machines, it (Exhibit 813) says: "The machines which are driven by electric power are easily operated by a switch connection instead of a starting box or rheostat, which is required with most of the old type of high-power machines, thus lessening the general cost of the service." What is a starting box?

Mr. BUSHNELL. A rheostat and starting box, as I understand it, are practically the same thing. They may be slightly different in construction, but they perform the same functions.

Mr. McCoy. What is the function?

Mr. BUSHNELL. Starting the machine; turning on the power.

Mr. McCoy. What is the switch connection?

Mr. BUSHNELL. As I understand it, it is a connection for starting the machine without the use of the rheostat. Mr. Andrus is better qualified to testify as to those technical matters than I am.

Mr. McCoy. Now, on page 7, referring to these same machines, you say they have been on trial for some months in the Chicago post office, where several millions of letters have been run through them in the rush hours, and where the committee tested them under different conditions?

Mr. BUSHNELL. Yes.

Mr. McCoy. Have you testified already to all the tests which the committee made on the No. 11?

Mr. BUSHNELL. The committee tested the No. 11 in the Chicago office.

Mr. McCoy. Have you already testified to all the tests which the committee made on the No. 11 machine?

Mr. BUSHNELL. I think so.

Mr. McCoy. On page 8 you say: "The same argument with reference to an exclusive contract does not apply as fully to the machines offered by the American Postal Machines Co., of Boston, although the principle is practically the same." Practically the same

as what? The principle of the machines is the same, or the principle to be applied in selection is the same?

Mr. BUSHNELL. That is what it refers to.

Mr. McCoy. The No. 1 American hand-power machine, operated without a motor, has been in the service for a great many years, has it not?

Mr. BUSHNELL. What number; I do not know just how many.

Mr. McCoy. And the only thing necessary to convert it into a machine to be run by electricity was to make a mechanical arrangement by which the electric power could be applied, was it not?

Mr. BUSHNELL. Substantially.

Mr. McCoy. And the operating parts of the machine, so far as its canceling function was concerned, was not in any way changed by the application of electric power to it?

Mr. BUSHNELL. Not that I understand.

Mr. McCoy. When you say here "although the principle is practically the same," were you referring to the Cummins No. 11, which is convertible from hand power to electric power—were you making a comparison between that machine and the American machine, which was similarly convertible?

Mr. BUSHNELL. I was referring to the whole proposition of an exclusive contract, applying the comparison of machines for all purposes under the two bids. The whole paragraph, the whole section of the report down to page 12, relates to an exclusive contract.

Mr. McCoy. In other words, it was applicable to—

Mr. BUSHNELL (interposing). All of the machines.

Mr. McCoy (continuing). All of the machines, including these convertible hand-power machines?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. You say "Some of its machines do not make as good a showing as do those of the Cummins Co." In the committee tests that were made did the American hand-power and hand-power convertible machine—the same machine, as I understand it—make as good a showing as the Cummins No. 11, convertible from a hand power into an electric power machine?

Mr. BUSHNELL. I think those machines made about the same showing—what is referred to there as a larger machine.

Mr. McCoy. Then, in that paragraph, where you use the words "although the principle is practically the same," you refer to all the machines, while, when you come to use the words "some of its machines do not make as good a showing as do those of the Cummins Co.," you are referring to some other kind of machine?

Mr. BUSHNELL. I am referring to the high-power machines.

Mr. McCoy. I suggest that, when you next draw your report, you take a new paragraph when you change from one thing to another. Did your committee, when it visited the Chicago post office last April, observe in operation the so-called Cummins machine made by the Time Marking Machine Co.?

Mr. BUSHNELL. We made the test of it.

Mr. McCoy. You made a test of the Cummins-Time Marking Machine Co.'s machine?

Mr. BUSHNELL. Oh; the Cummins? We made no official tests of those machines.

Mr. McCoy. I did not ask you whether you did or not. Did you see the machine there?

Mr. BUSHNELL. Certainly.

Mr. McCoy. Do you know whether or not it is the fact that a special lot of those machines are set aside in the Chicago post office geared so as to run thick mail through them?

Mr. BUSHNELL. I do not.

Mr. McCoy. I show you an envelope which reads: "If not delivered in five days, notify us and postage will be sent for return. H. L. Barber & Co., Great Northern Building, Chicago." It has on it a canceled stamp and a postmark. Have you any idea what kind of a machine that ran through?

Mr. BUSHNELL (after examining envelope). No, sir.

Mr. McCoy. Does that postmark indicate that the kind of machine required by law was used to cancel it?

Mr. BUSHNELL. I do not see anything about it that is in violation of law.

Mr. McCoy. Does the law require that the hour of canceling shall appear on it in any way?

Mr. BUSHNELL. Not on circular matter at 1 cent.

Mr. McCoy. Does the law require that only what appears on there shall appear?

Mr. BUSHNELL. As I understand it, only on first-class matter. I am not posted on the law in that respect. Circular matter, however, is not postmarked, as a rule, as to the date in large offices—that is, the 1-cent mail.

Mr. BRITT. The Outlook envelope, for instance?

Mr. BUSHNELL. Yes; 1-cent postage, third-class matter.

Mr. McCoy. I read from section 566 the following regulation, from page 276 of the Postal Laws and Regulations for 1902—has that ever been amended, Mr. Britt?

Mr. BRITT. Yes; it has been amended from time to time in the form of inserts. Is that the body or the inserts that you are reading from?

Mr. McCoy. This is the body.

Mr. BRITT. Well, let me see [examining his own copy]. It has been amended, Mr. McCoy.

Mr. McCoy. How does it read now?

Mr. BRITT (reading):

Paragraph 1 of section 566 of the Postal Laws and Regulations, edition of 1902, is hereby amended to read as follows:

"All mail matter, except that of the second class mailed by publishers and news agents without stamps affixed and identical pieces of matter of third and fourth classes without postage stamps affixed mailed under the provisions of section 483 (order of the Postmaster General, No. 1052, dated Sept. 20, 1904), deposited in any post office for mailing, must bear on the address side a postmark giving name of post office, name or abbreviation of the State, and, on first-class matter, the date of dispatch, the hour thereof if the office be supplied with an hour-dating stamp. All classes of correspondence addressed to foreign countries must be impressed at the mailing office with a stamp indicating the office of origin and date of posting. No offices are exempt from the requirements of this section."

Mr. McCoy. May I see it, please? Was that the law in the month of December, 1912?

Mr. BRITT (handing his copy to Mr. McCoy). Yes; what is read there is the law.

Mr. McCoy. Well, I say, the law as so amended?

Mr. BRITT. Yes. I think there is no subsequent amendment. Those identical pieces referred to there under section 842½ are matter that might be mailed by prepayment in money.

Mr. McCoy. Well, the paper or envelope which I have in my hand has a postage stamp on it, canceled, so that is not covered by that section.

Dr. GRANDFIELD. I do not think so, Mr. McCoy.

Mr. McCoy. I wish you would give me the interpretation.

Mr. BUSHNELL. It is third class.

Mr. McCoy. This is third class, is it not?

Mr. BRITT. Yes.

Mr. McCoy (reading). "Without postage stamps affixed."

Dr. GRANDFIELD. Now, if you will just excuse me, I think I can explain it. Third and fourth class matter must be postmarked and contain the name of the post office, the name or the abbreviation of the State, but not necessarily the date of the dispatch.

Mr. BRITT. That is the practice.

Mr. McCoy. Now, the paper I have in my hand, I am informed, is third-class matter, and it bears a stamp which is canceled.

Mr. BRITT. Yes.

Mr. McCoy. But the hour of the dispatch is not on the cancellation mark, only it reads: "Chicago, December, 1912, Ill."

Dr. GRANDFIELD. That is required by the regulations.

Mr. BRITT. Only the month, State, and office.

Mr. McCoy. I have now arrived at the point I wanted to get at. Now, did you see any Cummins machines of the Time Marking Co. make at the Chicago office which were taking this kind of mail that we have been talking about?

Mr. BUSHNELL. No, sir.

Mr. McCoy. What does the number "23" on that envelope indicate?

Mr. BUSHNELL. I do not know.

Mr. McCoy. Does anybody know?

Mr. BRITT. Let me see that. [After examining envelope.] I should say that is some sort of station number. [Passing envelope to Dr. Grandfield.]

Mr. McCoy. I will ask Mr. Hinman; he has been sworn. Mr. Hinman, what does the "23" on that envelope indicate?

Mr. HINMAN. I think it is the number of the machine.

Mr. McCoy. You mean it is the number of the machine—

Mr. HINMAN (interposing). In the post office.

Mr. McCoy. In the post office. Do you know what machine No. 23 is; whether it is a Cummins made by the Time Marking Machine Co.?

Mr. HINMAN. Yes, sir.

Mr. McCoy. It is?

Mr. HINMAN. Yes, sir.

Mr. McCoy. Do you know whether, in running mail through the canceling machines in the Chicago office, Mr. Hinman, a certain number of Cummins machines, made by the Time Marking Machine Co., being the fast machines, are set aside especially for thick mail?

Mr. HINMAN. Yes, sir.

Mr. McCoy. They are, are they not?

Mr. HINMAN. Yes, sir.

Mr. McCoy. What is that?

Mr. STODDARD (repeating answer). "Yes, sir."

Mr. McCoy. And in order to do that they have to be tested and geared in a certain way, do they not?

Mr. HINMAN. Well, I am not qualified as an expert.

Mr. McCoy. But they are adjusted and geared differently from machines through which first-class mail is run?

Mr. HINMAN. If they run thick mail; yes, sir.

Mr. McCoy. Now, Mr. Bushnell, have you ever noticed the Hey-Dolphin machine, the so-called "Fliers," made by the International Postal Supply Co., in operation in the Washington office?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Have you ever seen any machines of that kind which are adjusted and geared for thick mail?

Mr. BUSHNELL. Not to my knowledge.

Mr. McCoy. As a matter of fact, through the Hey-Dolphin machine down there they run thick and thin mail indiscriminately, don't they?

Mr. BUSHNELL. I think so.

Mr. McCoy. Now, when you say "I think," do you mean they do?

Mr. BUSHNELL. I do not know all the mail that they run through that machine.

Mr. McCoy. Have you ever seen them run thick and thin mail through indiscriminately?

Mr. BUSHNELL. I have.

Mr. McCoy. Then you know that they do it, don't you?

Mr. BUSHNELL. Yes.

Mr. McCoy. At page 33 of the report, referring to the Cummins No. 11, you say that it requires a motor of only one-tenth horsepower, and referring to the American No. 1, you say it takes a motor of one-eighth horsepower. Why did you refer to that fact?

Mr. BUSHNELL. It is simply a statement of fact as to the motors.

Mr. McCoy. Well, was it a matter stated to satisfy somebody's curiosity, or did it vary the basis at all of the recommendation that you made?

Mr. BUSHNELL. It is a description of the two machines.

Mr. McCoy. Did you put it in there with the idea of having it appear that there was any substantial difference in the cost of operating the two machines?

Mr. BUSHNELL. No.

Mr. McCoy. No; you did not?

Mr. BUSHNELL. There was a slight difference.

Mr. McCoy. You do not lay any stress on that, do you?

Mr. BUSHNELL. Very little, because of the condition annexed.

Mr. McCoy. Did you lay any stress on it? In other words, did your report in any way turn on that fact, or was it considered in making up the recommendation?

Mr. BUSHNELL. It would have a slight bearing on the——

Mr. McCoy (interposing). The slight bearing would be——

Mr. BUSHNELL (interposing). That the smaller motor would require smaller horsepower; would be a little less expensive—slightly less.

Mr. McCoy. How slight?

Mr. BUSHNELL. I do not know.

Mr. McCoy. You do not know. Did you ever get anybody to tell you?

Mr. BUSHNELL. I do not think so.

Mr. McCoy. Did you ever know a canceling machine to be recommended that had not been in trial under service conditions?

Mr. BUSHNELL. I do not think there have been any new machines put in the service since I have had anything to do with this matter, so I could not say.

Mr. McCoy. Why didn't you recommend that Mr. Ellis be assigned one or two machines?

Mr. BUSHNELL. Because his machine was not sufficiently developed at the time we made the test of it to justify any such recommendation.

Mr. McCoy. You say at page 37: "The committee realizes that hitherto contracts for the sale of canceling machines could not be made for a longer period than one year." That is not exactly accurate, is it?

Mr. BUSHNELL. Where is that statement?

Mr. McCoy. On page 37.

Mr. BUSHNELL. That was meant to refer to prior to the existing contract, which of course is for three years.

Mr. McCoy. Of course that would not be the interpretation of it in the natural way. Now, in regard to some machine, you have stated in your report that it is one of the least noisy of the machines. Do you consider the question of noise a matter of any importance?

Mr. BUSHNELL. It is a matter of considerable importance in some post offices.

Mr. McCoy. In what kinds of post offices?

Mr. BUSHNELL. Where the canceling machine is used near the screen where patrons have to buy stamps and transact other business, a very noisy machine would be quite an important matter. I know of some post offices where that would be the case.

Mr. McCoy. Are there any very noisy machines in the service to-day?

Mr. BUSHNELL. Some make more noise than others.

Mr. McCoy. Which is the noisiest machine.

Mr. BUSHNELL. The noisiest machine that I know of is the Combination machine.

Mr. McCoy. What is the noisiest high-grade fast machine?

Mr. BUSHNELL. I do not know.

Mr. McCoy. What is the noisiest machine in the Washington City post office?

Mr. BUSHNELL. I expect the time-marking machine is, probably.

Mr. McCoy. I wish you would go into the post office to-night when you get back and make that observation, so that you can testify about it to-morrow morning.

We will adjourn now until 10 o'clock to-morrow morning.

SUBCOMMITTEE OF THE COMMITTEE ON
EXPENDITURES IN THE POST OFFICE DEPARTMENT,
HOUSE OF REPRESENTATIVES,
Tuesday, January 7, 1913.

The subcommittee met at 10 o'clock a. m., Hon. Walter I. McCoy presiding.

Mr. McCoy. Mr. Bushnell, you remember hearing Dr. Grandfield read extracts from a report by Mr. Waters on the Stoddard machines?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. That was a report of March 17, 1910, I think, wasn't it, or about that time?

Mr. BUSHNELL. I do not remember the date.

Mr. McCoy. At any rate, since the making of that report the American Postal Machines Co. has improved its machine on which that report was made, has it not?

Mr. BUSHNELL. I understand so.

Mr. McCoy. And since that time the Universal Co. has brought out a new machine called the "Flier," a rapid machine, hasn't it?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Are these two machines, which I have just mentioned, machines which the canceling committee investigated and reported on?

Mr. BUSHNELL. Yes; we had the Stoddard machine in Washington, also in Boston, and we had a model "C" in Washington, but we were unable to see a machine of the model "C" type in New York.

Mr. McCoy. The model "C" is the—

Mr. BUSHNELL (interposing). The Universal. Mr. Bowes was unable to show us that machine when we visited New York for that purpose.

Mr. BRITT. That was the Universal "Flier"?

Mr. BUSHNELL. The Universal "Flier"; yes, sir.

Mr. McCoy. I would like to get a little information about the methods pursued in opening bids, and will just take these two instances, the bids of October 31, 1911, and the bids of March 20, 1912. I will just ask you, did you take the same procedure in both cases?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Now just explain the operation of the opening of bids and what takes place immediately on the opening. What do you do?

Mr. BUSHNELL. The envelopes—the sealed envelopes—containing the bids, are first numbered and initialed by the members of the committee, and then opened and the bids read to those in the room. Under the law every bidder, of course, has the privilege of being there or being represented by someone. The bids are then—the papers are again initialed by the committee.

Mr. McCoy. You mean the papers taken out of the sealed envelopes?

Mr. BUSHNELL. Yes.

Mr. McCoy. Is any tabulation of the bids made at once?

Mr. BUSHNELL. There is one that is made afterwards by the purchasing agent's stenographers.

Mr. McCoy. Is any copy of all the bids furnished to all the bidders?

Mr. BUSHNELL. If they desire them. They have the right to all the information under the law that the bids contain.

Mr. McCoy. You mean that the law prescribes, for instance, that they are entitled to copies of all the bids if they demand them?

Mr. BUSHNELL. I do not know that it provides in express terms just that provision, but the law provides that they are entitled to all the information in connection with the bids.

Mr. McCoy. I understand you to say that the bids are tabulated later on?

Mr. BUSHNELL. As a rule; yes.

Mr. McCoy. Do you know what the practice in other branches of the Government service is in that respect?

Mr. BUSHNELL. I do not.

Mr. McCoy. Mr. Slack, what is the practice in the War Department in respect to tabulating bids immediately after they are opened?

Mr. SLACK. I can testify from knowledge as disbursing clerk in the Signal Office in the War Department. All bids are immediately abstracted in duplicate. I can give the whole procedure in reference to bids if you want it.

Mr. McCoy. Give us the procedure.

Mr. SLACK. In the first place, at least 10 days must elapse between the time of the publishing of the advertisement and the day of the opening of the bids, and there must be a specific time during that day stated at which the bids will be publicly opened in the presence of the bidders and all others interested. As soon as that time arrives the bids are all numbered and are opened by one of those in charge who are present, usually either the disbursing officer or the disbursing clerk. They are read aloud, so that everybody can see exactly what they consist of. They are then examined carefully to see whether they are regular and in accordance with the specifications, and all which are not regular are so marked. If there is any protest to be made in a case of that kind it is made by the bidder whose bid has been marked "irregular," and who thinks, if he does so think, that it was incorrectly so marked. Then all the bids are immediately abstracted on a comparative basis, and all the information pertaining to them is shown on this abstract. Any bidder or any other person interested can have a copy of the abstract if he wants it, and it is usual for persons in the War Department who have a direct interest in the bidding, such as those in charge of the work to which the material bought or services to be rendered relates, to be present at the opening of the bids.

Mr. McCoy. Does that practice prevail in the opening of bids for canceling machines, to have the representative of the division which is directly interested present at the opening of the bids?

Mr. BUSHNELL. I do not know whether it does or not.

Mr. McCoy. Does the practice prevail—is there any practice or custom about that?

Mr. BUSHNELL. I do not know. The purchasing agent would be able to explain that.

Mr. McCoy. In the two instances in question here—October 31 and March 20—who besides the canceling-machine committee and the bidders or representatives of bidders were present?

Mr. BUSHNELL. I do not recall.

Mr. McCoy. Do you recall whether there was anybody present?

Mr. BUSHNELL. I do not.

Mr. McCoy. Was anybody there from the canceling-machine section?

Mr. BUSHNELL. I do not remember. Anyone is privileged to be here, but who was there I do not at this time recall.

Mr. BRITT. This was no private or secret meeting, was it?

Mr. BUSHNELL. Certainly not.

Mr. BRITT. Were the bids read?

Mr. BUSHNELL. Yes.

Mr. BRITT. Did anybody at that time make any point that they did not understand or were not furnished with any information?

Mr. BUSHNELL. No.

Mr. McCoy. Mr. Slack, have you ever made any suggestions in regard to the practice of opening bids in the Post Office Department?

Mr. SLACK. Once, when I was in charge of the miscellaneous section. Having had the experience I had had in the War Department, I supposed that when the bids were to be opened I would be expected to be present. I asked Mr. George L. Wood, who was then assistant superintendent of the division of salaries and allowances if I had not better be there, and he seemed to be very much astonished that I should make such a suggestion, and said he could not see the necessity for it at all. So I went back to my desk and said no more about it; but two or three days later, and before the bids were opened, he came to me and said that if I felt I should be there he would not offer any objection to my going down. Under the circumstances I did not go.

Mr. McCoy. Did you make any reply to him when he made that suggestion?

Mr. SLACK. That he would not object to my going down?

Mr. McCoy. Yes.

Mr. SLACK. No, sir.

Mr. BRITT. Do you think it is your province that you undertake to do work not assigned to you as clerk?

Mr. SLACK. The work was assigned to me as clerk. I had charge of the canceling machine section.

Mr. BRITT. The work of attending the opening of bids, was that assigned to you?

Mr. SLACK. No, sir.

Mr. BRITT. There had been a committee appointed to open the bids, had there not?

Mr. SLACK. Very true. I did not want to open the bids; I merely suggested the propriety of my being there.

Mr. BRITT. You were suggesting that you be given work outside of your work as a clerk; isn't that true?

Mr. SLACK. No, sir. I considered that it was within my province as the clerk in charge of that section and in full accord with my experience in the War Department.

Mr. BRITT. You were in the Post Office Department at this time, and you did not carry the practices of the War Department to the Post Office Department. Was it the duty of a clerk to attend the opening of bids when canceling machine bids were submitted?

Mr. SLACK. I should think it would be; I never had considered whether it was my duty or not.

Mr. BRITT. Answer my question. Was it your duty? Did any body ever tell you to do it?

Mr. SLACK. No, sir.

Mr. BRITT. You were trying to promote yourself in function, weren't you?

Mr. SLACK. No, sir.

Mr. BRITT. It seems so from what you say.

Mr. McCoy. What you were trying to do was to suggest proper methods in the conduct of the office, was it not?

Mr. SLACK. Yes, sir.

Mr. McCoy. Is it outside of the function of a clerk in the Post Office Department to suggest to his superior officer anything that will improve the service, in his opinion?

Mr. SLACK. No, sir; provided it relates to the work on which he is at that time engaged. In fact, I think he is expected to do it; and if he is not, he ought to be in my humble opinion.

Mr. McCoy. You did not consider that you were butting into anything that did not concern you?

Mr. SLACK. No, sir. I asked the question because I imagined if I did not go down I might be taken to task for not going.

Mr. McCoy. Now, Mr. Bushnell, I should like to have you produce this afternoon a record of all tests made by the committee of all machines in relation to the bids of March 20, 1912, either in your presence or in the presence of anybody else, or which are in the possession of the committee or the department, regardless of whether or not you have summarized them in the report of August 31, 1912, and a transcript of the figures which Mr. Andrus has in one book which he produced; and if he has any other book, then a transcript of those figures. Then, I want all documents, including correspondence of any kind or nature, which were used by you or any member of the committee in reaching the conclusions contained in your report, and I hand you a memorandum now from which I have just read, so that you may have it to guide you in producing those things. I wish you would get that all together, so that I will not have to ask questions to bring out the facts [hands a paper to Mr. Bushnell].

I have here a letter dated October 18, 1911, addressed to Hon. E. T. Bushnell, Acting First Assistant Postmaster General, and signed by B. F. Cummins, and I will read this paragraph:

Here is a little matter of cost. I had arranged to ship the five tables to St. Louis at the carload rate, and our rate was 15 cents a hundred. On these tables, which will be shipped to-morrow, and which are less than a carload, we will have to pay 35 cents per hundred, so that it seems to me if your department would send us a bill of lading covering the other three machines which are to be sent at a later date it would make us about even. I hope you will agree with me on this line of reasoning and that you will think it proper to do it.

The paragraph that I have read is all there is in the letter about that particular matter. What action was taken on that request?

Mr. BUSHNELL. I do not recall.

Mr. McCoy. I will also leave that paper in your possession and ask you to ascertain what action was taken, if any, and what reply was made, if any.

Mr. BUSHNELL. If any action was taken the letter would be in the files.

Mr. McCoy. In these files here?

Mr. BUSHNELL. Well, I do not know. It ought to be in the table files.

Mr. McCoy. Wouldn't it be in the record of Government bills of lading?

Mr. BUSHNELL. No; not necessarily.

Mr. McCoy. Don't you keep any record of Government bills of lading?

Mr. BUSHNELL. Oh, yes.

Mr. McCoy. Then why shouldn't it be there?

Mr. BUSHNELL. You are asking for the correspondence.

Mr. McCoy. I was asking for some information as to what action was taken in regard to the matter. If the bill of lading was issued as requested the fact would be disclosed or should be disclosed by the Government bills of lading, shouldn't it?

Mr. BUSHNELL. I will ascertain that.

Mr. McCoy. Shouldn't it be there if it was a fact?

Mr. BUSHNELL. Yes.

Mr. McCoy. Well, that is one place you can look, and we will look in the files up here if you will tell me what file that will be found in.

Mr. BUSHNELL. It might be in the St. Louis file, the post-office file, or the special file on labor-saving devices.

Mr. McCoy. And we might possibly find it if we looked amongst a thousand or two papers. In the meanwhile, get the Government bill of lading, and make a memorandum of it, of October 18, 1911, the date of that request. We will have to keep this here.

Mr. BUSHNELL. Will you allow me to look at that, Mr. McCoy?

Mr. McCoy hands paper to Mr. Bushnell.

Mr. McCoy. Does it come under the jurisdiction of the canceling machine committee to send out notices of awards?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Whose function is that?

Mr. BUSHNELL. The purchasing agent.

Mr. McCoy. You are quite sure of that, are you, Mr. Bushnell?

Mr. BUSHNELL. The purchasing agent is the one who makes the awards.

Mr. McCoy. Who is it who sends out the notice of the award?

Mr. BUSHNELL. He does; the purchasing agent does.

Mr. McCoy. You are familiar with the fact that on December 9, 1912, the various bidders under the March 20 bid—or some of the bidders under the March 20 bid—were given notice?

Mr. BUSHNELL. Yes.

Mr. McCoy. That it has been decided to award?

Mr. BUSHNELL. Yes.

Mr. McCoy. Was that something that the purchasing agent had to do?

Mr. BUSHNELL. That was merely a notice sent by the First Assistant's Office that an award would be made.

Mr. McCoy. And that makes the distinction, does it?

Mr. BUSHNELL. I would say so. It was merely an advance notice—all that it was intended to be—that the Postmaster General had decided to make such an award.

Mr. McCoy. Sort of an advance notice, you say?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Did you know that it was sent out at the time?

Mr. BUSHNELL. Yes.

Mr. McCoy. Did you send it out in pursuance of instructions from the Postmaster General or from Dr. Grandfield?

Mr. BUSHNELL. The notices were sent at the Postmaster General's suggestion, at the conference with the canceling machine committee.

Mr. McCoy. Did he suggest it to you?

Mr. BUSHNELL. Yes; in the presence of the other members of the canceling machine committee.

Mr. McCoy. You told Dr. Grandfield?

Mr. BUSHNELL. Yes.

Mr. McCoy. And he instructed you to prepare this advance notice?

Mr. BUSHNELL. I do not know whether he instructed me or whether I did it of my own motion at that time. I told him what the Postmaster General had suggested.

Mr. McCoy. Does the purchasing agent have exclusive and final jurisdiction as to the sending out of notices of awards, or is it subject to the supervision and veto power of the Postmaster General?

Mr. BUSHNELL. I can not say as to the duties and prerogatives of the purchasing agent.

Mr. McCoy. Now, Mr. Britt, I think I shall take up the question of assignments of machines. You will remember that a tabulation of assignments was furnished. I wish I could guarantee to stick to that, but I may not be able to.

Mr. BRITT. Before you enter upon that, I think we might be able to facilitate matters a little by arriving at an understanding as to the order of some things. I want to put some witnesses upon the stand, as I have previously indicated, and to question some of the witnesses who have been put on by you, but so far as my own examination of them is concerned, I shall not require a great deal of time. Of course the time which they were on the stand would depend on the extent of your cross-examination or continued examination, but I should like to know if I could get those witnesses on the stand at some time altogether, so that I can have my matter prepared and facilitate it.

Mr. McCoy. The only witnesses are Dr. Grandfield, Mr. Bushnell, Mr. Slack, Mr. Bowes, Mr. Stoddard, Mr. Cummins—no; he has not been asked anything for the record. Why, so far as Mr. Bowes, Mr. Stoddard, and Mr. Slack are concerned, they are here to answer for themselves, and so far as I am concerned, if they do what I ask them to do they will be here at the time when you want them. If they do not come I will subpoena them.

Mr. BRITT. I am not raising the question at this time as to whether they will or will not attend. I want to know if you can set a day for me.

Mr. McCoy. I will let you know to-morrow. We will adjourn to-morrow until Monday. But do not let me forget that, because it is my intention to comply with your request.

Mr. BRITT. It will facilitate my work if you will do that.

Mr. McCoy. Yes; it will expedite the thing generally.

Mr. BRITT. I want to speak to the witness on the stand [addressing Mr. Bushnell]: Mr. Bushnell, have you a copy of that data here which we furnished Mr. McCoy, relating to the assignment of machines?

Mr. BUSHNELL. I think it is here.

Mr. McCoy. This is what you refer to, isn't it?

Mr. BUSHNELL. I have a copy of it here [handing paper to Mr. Britt].

Mr. McCoy. What is the basis on which assignments of the various kinds of canceling machines are made?

Mr. BUSHNELL. There is no fixed rule. It depends entirely upon the information the department has as to the amount of work to be done by the canceling machine and the conditions of mail—the arrival and departure of mails, the time that they have to be made up, and the various factors that enter into it. There is no fixed rule that can be made.

Mr. McCoy. State all the factors that enter into the question of assignments of machines.

Mr. BUSHNELL. Of course, the receipts of an office are an index, in a measure, of the amount of work performed, but not the only index. The receipts of an office are frequently made up by a considerable amount of mail matter that does not go through a canceling machine, but that is not always to be depended upon as the reason.

Mr. McCoy. Now, what kind of mail matter is it that does not go through the canceling machine?

Mr. BUSHNELL. Fourth-class matter—package mail—and in some post offices a large amount of that is mailed, which would run the receipts of an office up to a figure which by comparison with some other office would indicate the need of a larger canceling machine that they really do need.

Mr. BRITT. Does second-class matter go through the canceling machine?

Mr. BUSHNELL. Some of it.

Mr. BRITT. In what form?

Mr. BUSHNELL. I do not think very much second-class matter goes through; no—third class.

Mr. McCoy. Does any second-class mail matter go through the machine?

Mr. BUSHNELL. I think not.

Mr. McCoy. What comes principally, then—

Mr. BUSHNELL (interposing). First and third class matter—

Mr. McCoy (interposing). No, no; wait a minute. Let me finish my question. What matter, principally, does second-class matter consist of?

Mr. BUSHNELL. Newspapers and publications.

Mr. McCoy. Paid in advance by the publishers, isn't it?

Mr. BUSHNELL. Yes.

Mr. BRITT. May I say that it is not impossible for some forms of second-class matter to be in condition to be stamped. If it is second-class matter that is put up in uniform small wrappers it can be stamped.

Mr. McCoy. That is comparatively negligible.

Mr. BRITT. Yes; but I want to say that in justice to the witness. He said that some forms of it are, which is true.

Mr. McCoy. What other kinds of mail do not go through the canceling machines, in whole or in part?

Mr. BUSHNELL. Fourth-class matter.

Mr. McCoy. You have already specified that, and second-class mail you specified. Now, what other kinds?

Mr. BUSHNELL. There might be some other class of matter. I am not sufficiently posted on the classification of mail matter, because that is not a matter that the First Assistant's Office has anything to do with.

Mr. McCoy. But it has to do with the assignment of canceling machines?

Mr. BUSHNELL. Yes.

Mr. McCoy. And the assignment of canceling machines has to do with the business of the post office, does it not?

Mr. BUSHNELL. Yes.

Mr. McCoy. And do you want the committee to understand that you are not familiar with the various classifications of mail?

Mr. BUSHNELL. The matter that is run through a canceling machine is controlled by the local office.

Mr. McCoy. Well, the man who assigns the machines has to assign them according to the local needs, the local business.

Mr. BUSHNELL. In a general way. We get communications from the postmasters as to the need of a canceling machine.

Mr. McCoy. Does it depend upon his belief that the machine is needed, or upon your investigation of the facts which he states?

Mr. BUSHNELL. It depends upon the representations which the postmaster makes, very largely.

Mr. McCoy. As to what?

Mr. BUSHNELL. As to the need of a machine, also the receipts of his office and other information that we might know about.

Mr. McCoy. Well, now, does it depend to any extent on the character of mail going through the office?

Mr. BUSHNELL. Yes.

Mr. McCoy. You have testified that package mail, fourth class, does not go through the machine; that second class does not go through the machine, except, as Mr. Britt says, in a very small proportion. Now then, what other class of mail is not put through the canceling machines? You have already said third class, explain what you mean by that.

Mr. BUSHNELL. I said there might be some pieces of third-class mail, but in regard to that I mean—

Mr. McCoy (interposing). Wait a minute. What did you have in mind, if you had anything different in mind, when you said "there might be?"

Mr. BUSHNELL. Some very large pieces of mail that might be sent as third class.

Mr. McCoy. Large pieces of mail might be sent as first class, might they not?

Mr. BUSHNELL. Yes.

Mr. McCoy. Then, isn't the other kind of mail that does not go through a canceling machine what is known as "fat" mail; in other words, pieces which are too large to go through a canceling machine, no matter how they are classed for postage?

Mr. BUSHNELL. Yes; that is true.

Mr. McCoy. Now, is there any other class of mail, whether classified as first, second, third, fourth, or any other class already described, without reference to official classification, which does not?

Mr. BUSHNELL. I do not recall any.

Mr. McCoy. To what extent, comparatively speaking, does the amount of receipts at a post office determine the kind of machine which is assigned to it?

Mr. BUSHNELL. That is the principal index that we have.

Mr. McCoy. It probably outweighs all the other indexes, doesn't it?

Mr. BUSHNELL. Yes; unless we know something about the particular office—the mailing conditions. For example, at an office where the receipts might be comparatively small, if during the busy hours of the day—that is, the afternoon usually—they had outgoing mails very close together and incoming mails at the same time practically, which would have to be backstamped, it would necessarily require a fast machine in order to dispose of that work. At an office where the mails are less frequent, where the dispatches are less frequent during the day, it does not necessarily require as large a machine, which is the case in some cities in the West.

Mr. McCoy. What do you mean by “backstamping”?

Mr. BUSHNELL. Stamping the incoming mail on the back, the receipt.

Mr. McCoy. To what extent is that now required?

Mr. BUSHNELL. It is required by the regulations, unless by a specific order of the Postmaster General applying to a particular office it has been suspended.

Mr. McCoy. Will you produce the regulations in regard to that?

Mr. BUSHNELL. It is section 611 of the Postal Laws and Regulations.

Mr. BRITT. Shall I read it?

Mr. McCoy. Yes.

Mr. BRITT. Section 611 of the Postal Laws and Regulations [reading]:

Postmasters the gross receipts of whose office amount to \$500 per annum and postmasters at separating offices will, immediately upon the receipt of the mail, place the postmark of their offices on the back of every letter received and upon the address side of every postal card and private mailing card (post card) received, showing the date and the hour of the day of such receipt, and postmasters at offices which are not separating offices and the gross receipts of which are less than \$500 per annum will, immediately upon receipt of the mail, backstamp the month, the day of the month, and the year upon the back of every letter received and upon the address side of every postal card and private mailing card (post card) received, using the postmarking stamp for that purpose.

Mr. McCoy. Mr. Bushnell, did you have charge of the matter of backstamping?

Mr. BUSHNELL. Those letters are—

Mr. McCoy. Answer my question, please.

Mr. BUSHNELL. Yes; I have supervision over that. The letters are simply prepared for the Postmaster General's signature.

Mr. McCoy. Well, you have charge of it?

Mr. BUSHNELL. In a way; yes.

Mr. McCoy. And it is your duty to be familiar with it, isn't it?

Mr. BUSHNELL. Yes.

Mr. McCoy. Now, is there any power lodged in anybody to dispense with backstamping?

Mr. BUSHNELL. Yes, sir; the Postmaster General.

Mr. McCoy. And who calls to his attention the question of whether or not in a given office or in a given description of offices backstamping had better be dispensed with?

Mr. BUSHNELL. When a request is received from a postmaster—

Mr. McCoy (interposing). Answer my question, please.

Mr. BUSHNELL. I am going to.

Mr. McCoy. I don't want you to put in any preliminaries.

Mr. BUSHNELL. It is called to the attention of the Postmaster General by a letter prepared for his signature, with the letter from the postmaster attached.

Mr. McCoy. Read the question.

The question is read by the stenographer.

Mr. BUSHNELL. No one calls his attention to it, except by preparing a letter for his signature, in accordance with the usual practice.

Mr. McCoy. Mr. Britt, please ask the witness the question.

Mr. BRITT. State who, by the preparation of the letter, brings it to his attention?

Mr. BUSHNELL. The letter is prepared by my stenographer and attached to the letter from the postmaster and sent on to Dr. Grandfield for his initials, unless I am Acting First Assistant myself.

Mr. BRITT. And it is considered as a matter originating through you and done by you through the First Assistant's office?

Mr. BUSHNELL. Yes.

Mr. McCoy. Now, then, what is it that controls when a recommendation is made that backstamping be dispensed with?

Mr. BUSHNELL. Usually the size of the office and the statements of the postmaster as to whether it will expedite the work of his office. That has been the purpose of discontinuing it, to expedite delivery.

Mr. McCoy. What you mean is that if it will expedite the business of the office to dispense with backstamping that fact is one thing that is considered in making the recommendation?

Mr. BUSHNELL. That is the principal thing, because that can only apply to large offices.

Mr. McCoy. What kind of an office would you classify as a "large" office, with reference to this question of backstamping?

Mr. BUSHNELL. The regulation has been suspended at offices of the first and second class, upon application of the postmaster, and at a number of offices even of the third class, where it was apparent from the information furnished by the postmasters that it would expedite delivery of the mail.

Mr. McCoy. How are offices classified with reference to being first class or second class?

Mr. BUSHNELL. An office of the first class is one in which the receipts are \$40,000 per annum or more. An office of the second class is one in which the receipts are \$8,000 or more—from \$8,000 to \$40,000 per annum.

Mr. McCoy. Can you say in how many offices of the first class backstamping of letters is now dispensed with by order of the Postmaster General?

Mr. BUSHNELL. I can not.

Mr. McCoy. How many first-class offices are there in the United States, approximately?

Mr. BUSHNELL. If I had the list that I saw here a while ago I could tell you.

Mr. GRANDFIELD. There are 423; that is my recollection.

Mr. McCoy. Approximately 423. How many second-class offices are there, approximately?

Mr. BUSHNELL. One thousand nine hundred.

Mr. GRANDFIELD. Two thousand three hundred and fifty-one. That is, first and second class together.

Mr. McCoy. How many second class are there?

Mr. GRANDFIELD. About 1,900.

Mr. McCoy. How many first-class offices, approximately, are not required to backstamp letters?

Mr. BUSHNELL. I could not say offhand. I can give you the exact number this afternoon.

Mr. McCoy. I would like to have an approximation now, if you can make it.

Mr. BUSHNELL. I have not counted them up or had anyone count them up for months, and I could not make an intelligent guess. I should say there were, perhaps, first and second class offices altogether, 250. That might be entirely wrong. There might be either a few more or a few less.

Mr. McCoy. I understand perfectly that you can not answer a question like that offhand accurately, but if you could give me a range within which you can answer?

Mr. BUSHNELL. These letters are written almost every day, one or two—perhaps not every day, but they go through in a routine way.

Mr. McCoy. I appreciate all that, and if you can not make an approximation I do not ask you to do it, but if you can I would like to have you do so.

Mr. BUSHNELL. I should say 250, but that is merely a guess.

Mr. McCoy. Now, you have testified that the controlling feature is that of receipts.

Mr. BUSHNELL. Not altogether.

Mr. McCoy. Well, at any rate, that it outweighs the other considerations. You have testified that.

Mr. BUSHNELL. Yes; because it is the only—

Mr. McCoy (interposing). I understand, and I should think that would be the controlling feature.

Mr. McCoy. Now, the receipts of a post office, in a general way, in the average of cases, indicate, do they not, the volume of mail that goes through the office?

Mr. BUSHNELL. Substantially, but not accurately.

Mr. McCoy. I say on the average and in a general way. On the average, taking the average of post offices, the great bulk of the receipts of those offices comes from mail which does go through canceling machines. Is that so?

Mr. BUSHNELL. I should say so; yes.

Mr. McCoy. There are exceptions, but take it by and large, that is the situation?

Mr. BUSHNELL. Yes. Of course, there are manufacturing towns that periodically send out large quantities of third-class circular matter that is run through a canceling machine, and there are many towns of that character where we have furnished machines because

it would take too long to postmark 50,000 pieces of circular matter by hand.

Mr. McCoy. You mean that kind of business is irregular?

Mr. BUSHNELL. Yes.

Mr. McCoy. That is, occasionally these manufacturers will dump in a large mass of that kind of mail which has to go through a machine, and increase the business of the office only for the time being; is that right?

Mr. BUSHNELL. Yes; but I want to say also that the gross receipts of a post office fluctuate so greatly that if we depended absolutely upon that factor as an index we would have to be shifting canceling machines every six months.

Mr. McCoy. But you can take the average yearly receipts in determining the amount of receipts, can't you, and you do do that?

Mr. BUSHNELL. Yes; we make that up annually; but, as I say, six months after that at many offices, particularly in the Western States, that is entirely out of harmony.

Mr. McCoy. Now, if a postmaster could—

Mr. BUSHNELL (interposing). There is one other factor that I would like to suggest. In Federal buildings which are supplied with power we endeavor to put a better class of machine, because the power is not an item, and an office that reaches the dignity of a Federal building is usually a growing office. We put power machines ordinarily into even a small Federal building.

Mr. McCoy. You say you put in one of the better kind of machines; do you mean—

Mr. BUSHNELL (interposing). I mean a little faster machine—a power machine, in other words.

Mr. McCoy. Now, have you covered the general proposition of what sort of thing is taken into consideration in assigning machines?

Mr. BUSHNELL. Yes; so far as I have in mind now.

Mr. McCoy. You have not omitted any important consideration, have you?

Mr. BUSHNELL. I do not recall any.

Mr. McCoy. Well, take a half a minute and see. I do not want to start along now until I know whether you have given me everything that is important. You have thought the matter over now, have you?

Mr. BUSHNELL. Yes. I haven't anything further to suggest.

Mr. McCoy. Now, then, does the department wait before assigning fast machines for a request from an office to which one may be assigned—to which one is assigned?

Mr. BUSHNELL. I do not know of any that have ever been assigned without request or without some report of an inspector or official of the department who had seen the conditions at the office before the assignment was made.

Mr. BRITT. You would not make an assignment except upon definite information to the effect that the machine was needed, if you had the machine to supply—definite official information?

Mr. BUSHNELL. No; unless we had some official information. It might be in the shape of an inspector's report, or a suggestion from a departmental official who had had occasion to examine into the conditions at a post office.

Mr. McCoy. If a postmaster requests, we will say, a fast machine, do you get information from others than that postmaster before you determine to make the assignment?

Mr. BUSHNELL. Ordinarily not, because the postmaster is the representative of the department that we rely upon to conduct his office. If the postmaster at New York should write to us that an additional machine was needed at one of his stations, the department would rely upon his information, unless we had some other information—unless we had information to the contrary that it was not needed.

Mr. McCoy. Does the initiative in all instances, or in the great majority of instances, come from without the power of the First Assistant Postmaster General?

Mr. BUSHNELL. The initiative comes from the postmaster in the shape of a request or a letter of information that his equipment is inadequate, and that he needs additional machines.

Mr. McCoy. Now, I ask you again, does the initiative in most instances come from without the power of the First Assistant Postmaster General? You understand what the initiative is?

Mr. BUSHNELL. In almost every instance it comes from the postmaster.

Mr. McCoy. That is, the first step, absolutely, in the matter is generally a request from the postmaster at the given office?

Mr. BUSHNELL. Generally; yes.

Mr. McCoy. Do you know of any instances where it has been suggested to postmasters that perhaps they might be able to make use of a different type of machine from what they were using, or where they were not using any, that perhaps they might make good use of a machine?

Mr. BUSHNELL. I have no means of knowing whether that suggestion has been made.

Mr. McCoy. Don't you have charge of the assignments?

Mr. BRITT. Your question goes to a suggestion to the postmaster, as I understand it. He would not know of that.

Mr. BUSHNELL. Well, now, I will say, Mr. McCoy, that in the readjustment of machines it has been suggested that in order that we might make use of a machine at a certain place, it has been suggested to the postmaster by the department whether he could not use some other machine to advantage.

Mr. McCoy. But you do not understand that to be an initiative or an initiatory step, do you?

Mr. BUSHNELL. In that sense it might be, but that is done as a business proposition.

Mr. McCoy. Certainly, I knew it was done, and you knew it was done. I was asking the questions to get it in the record, so that other people who read the record might know what you know and what I know. But you have extreme difficulty in answering the question. If Mr. Britt had asked you the question you would have answered it the way you have now answered it. There is where the trouble comes in; for some reason or other you fight shy of a plain answer to a question.

Mr. BUSHNELL. That is the fault of my intelligence.

Mr. McCoy. No; I do not think it is. I will take that back; perhaps you do not comprehend.

Mr. BUSHNELL. I have no reason to evade any question or in any manner or form give you any inaccurate information.

Mr. McCoy. I know. It isn't so much the matter of getting inaccurate information.

Mr. BUSHNELL. Your statement rather infers that, it seems to me.

Mr. McCoy. Well, it has just developed that you could answer a question when it was asked you without some 10 or 15 other questions being asked in the meanwhile. Now, you knew what the word "initiative" meant.

Mr. BUSHNELL. I think it must be my obtuse brain that I do not comprehend the matter quickly.

Mr. McCoy. Well, I notice that when Mr. Britt asks you a question your brain seems to get clear. Now, there is a class of machines known as fast machines, is there not?

Mr. BUSHNELL. Yes.

Mr. McCoy. What machines of that class are now in use anywhere in the postal service?

Mr. BUSHNELL. The International Postal Supply Co.'s machine, known as the "Flier."

Mr. McCoy. The Hey-Dolphin "Flier," that is the one, isn't it?

Mr. BUSHNELL. Yes, sir; that is the International Postal Supply Co.

Mr. McCoy. Yes; but in popular language it is known as the Hey-Dolphin "Flier"?

Mr. BUSHNELL. Yes. The Time Marking Machine Co.'s machine known as the "Cummins," and the American Postal Machine Co.'s "Stoddard."

Mr. McCoy. Did you about two years ago write letters to a number of postmasters suggesting that what is known as the "Combination," and also other machines, be replaced by the "Cummins" machine, made by the Time Marking Machine Co.?

Mr. BUSHNELL. There were some letters of that kind; there were some letters written. I may have written some of them, but in some of those instances it was to take out two "Combinations" and put in one—

Mr. McCoy (interposing). I understand, Mr. Bushnell, that you did it for a certain purpose, but the answer is that some such letters were written, is that it?

Mr. BUSHNELL. Some such letters were written, yes.

Mr. McCoy. Some by you, were they?

Mr. BUSHNELL. Possibly yes—I would have to see the letters or know the places to know whether I wrote them or not.

Mr. McCoy. Well, at any rate, if they went out you knew the fact.

Mr. BUSHNELL. Not necessarily. The First Assistant might write the letters and send the copies to the files. I do not have absolute jurisdiction over the canceling-machine business.

Mr. McCoy. You do not have any jurisdiction over it except under Dr. Grandfield, do you?

Mr. BUSHNELL. That is right.

Mr. McCoy. But you and he took over about two years ago the question of assignment, didn't you?

Mr. BUSHNELL. Yes.

Mr. McCoy. Dr. Grandfield has a great many duties to perform as First Assistant, hasn't he?

Mr. BUSHNELL. Yes.

Mr. McCoy. Doesn't he substantially leave this matter to you, this matter of assignments of machines?

Mr. BUSHNELL. Substantially; yes.

Mr. McCoy. Now, tell me what you know about this series of letters sent out about two years ago to postmasters suggesting that machines of the kind I have spoken of be replaced by the "Cummins," the Time Marking Co.'s machine.

Mr. BUSHNELL. As I stated, there were some letters sent out.

Mr. McCoy. About how many, would you say?

Mr. BUSHNELL. I do not know.

Mr. McCoy. Do you know what replies were received?

Mr. BUSHNELL. Those would be on file.

Mr. McCoy. Do you know what replies were received?

Mr. BUSHNELL. The replies from postmasters—I would have to see the individual files, the office files, to determine what the replies were.

Mr. BRITT. Do you mean what number or what effect, Mr. McCoy?

Mr. McCoy. Effect was really what I was asking for. I will ask it in another way. Do you know how many "Cummins" machines were assigned as a result of these letters?

Mr. BUSHNELL. I do not.

Mr. McCoy. Do you know approximately how many?

Mr. BUSHNELL. As the result of any such letters I should say, if any, not more than 8 or 10, if as many as that. That is only a guess.

Mr. McCoy. Well, if you do not know how many letters were sent out—

Mr. BUSHNELL. I do not.

Mr. McCoy. It would be a pretty wild guess if you do not in advance know what answers were received. The situation is that you do not know or you do not remember.

Mr. BUSHNELL. I do not remember.

Mr. McCoy. Did you ever know?

Mr. BUSHNELL. Not as to the number. I have never paid any attention to it.

Mr. McCoy. Did you dictate all the letters?

Mr. BUSHNELL. No, sir.

Mr. McCoy. Did you have all the replies called to your attention?

Mr. BUSHNELL. I do not know. I would have to see the files in order to determine whether I assigned the machines or not.

Mr. McCoy. What, generally speaking, must the receipts of a post office amount to before you would assign to it a fast machine?

Mr. BUSHNELL. Well, as I stated, there is no definite rule. We might put a fast machine in the smallest first-class office.

Mr. McCoy. You are now going into details. I asked you a general question. What, as a general rule, must the receipts amount to before a fast machine goes into an office?

Mr. BUSHNELL. That is the best answer I could give. I think that it depends entirely upon information and the conditions. We might put a fast machine into a comparatively small office, where in another office of the same size or the same gross receipts, I will say, a smaller machine would do the work. It depends entirely upon the different factors which I have stated.

Mr. McCoy. But you have testified that the question of receipts outweighs all the other considerations, generally speaking.

Mr. BUSHNELL. Generally speaking: yes.

Mr. McCoy. Now, generally speaking, what must the receipts of an office amount to before a fast machine is assigned to it?

Mr. BUSHNELL. Well, there is no fixed rule, Mr. McCoy.

Mr. McCoy. I know you have testified that a great many times—that there is no fixed rule. In other words, every rule has an exception. Are the exceptions more numerous than the rule in this case?

Mr. BUSHNELL. I do not think so.

Mr. McCoy. Then the cases in which the rule as to making receipts the governing factor are the large number of cases, aren't they?

Mr. BUSHNELL. Yes.

Mr. McCoy. Very well, then: then what is the rule as to receipts, disregarding the exceptions, which I understand you make and which I can imagine you would have to make in some cases?

Mr. BUSHNELL. \$50,000 to \$60,000.

Mr. McCoy. That is a very wide margin, isn't it?

Mr. BUSHNELL. Between \$50,000 and \$60,000. It is not a wide margin in the receipts of a post office that has already reached that class, but it might be——

Mr. McCoy (interposing). Then, if you get a request for a machine, a fast machine, you look to see what the receipts are?

Mr. BUSHNELL. Yes.

Mr. McCoy. If they amount to \$50,000 and there are no other special circumstances controlling the situation, you assign them a fast machine. Is that right?

Mr. BUSHNELL. It depends upon the request of the postmaster, and the information he has given in the letter from his post office——

Mr. McCoy (interposing). Let us suppose that the postmaster of a given office writes you and says, "I should like to have a fast canceling machine," and he does not say another word to you. You would go to the book that you have showing the receipts of the various offices, and you find, we will say, that the receipts there are \$50,000. Then you would assign him a machine without further question?

Mr. BUSHNELL. Not ordinarily; no, I would not.

Mr. McCoy. Suppose you should find that the receipts were \$60,000, would you assign him a machine without further question?

Mr. BUSHNELL. Not on the simple request for a machine.

Mr. McCoy. That is what I am saying. Suppose the receipts were \$65,000, would you assign a machine without further question?

Mr. BUSHNELL. I do not know.

Mr. McCoy. Suppose they were \$70,000, would you assign him a machine without further question?

Mr. BUSHNELL. I do not know.

Mr. McCoy. Suppose the receipts were \$75,000, would you assign him a machine without further question?

Mr. BUSHNELL. I do not know.

Mr. McCoy. Suppose the receipts were \$80,000, would you assign him a machine without further question?

Mr. BUSHNELL. I do not know.

Mr. McCoy. Suppose they were \$85,000? Go ahead; I am going to keep it up until I get to some point where you know; so just keep on saying, "I don't know," until you do know.

Mr. BUSHNELL. The machines are not assigned in that way.

Mr. McCoy. I am trying to find out the way they are assigned. Now answer the question.

Mr. BUSHNELL. There is no fixed rule. I have told you also——

Mr. McCoy (interposing). I know you have told me, and I remember all you have said, so do not repeat it again. Suppose the postmaster asks for a machine, a fast machine, and you found that the receipts of his office were \$85,000, would you send him a machine without further question?

Mr. BUSHNELL. I should think his office would be entitled to a fast machine.

Mr. McCoy. Without further question as to facts and circumstances?

Mr. BUSHNELL. Yes.

Mr. McCoy. Now, then, in case the receipts are \$75,000, do you think that you would then make an inquiry as to other facts and circumstances than the mere receipts?

Mr. BUSHNELL. It depends entirely on the postmaster's communication.

Mr. McCoy. Suppose the postmaster said, "I want a fast machine." Suppose you looked it up and found he had receipts in his office of \$75,000. Then it would not depend on what he said, would it? It would depend on further investigation, wouldn't it?

Mr. BUSHNELL. I do not recall of ever seeing a letter making any such request, therefore I could not say.

Mr. McCoy. Then, do I understand that all the letters that you have ever seen requesting machines contain further information than—if they do—the mere statement of the receipts?

Mr. BUSHNELL. Why, the postmaster invariably gives the reason why he wants a faster machine, because the machine he has is inadequate to do the work, because he can save time and expedite delivery by the use of a fast machine. They give some reason in every communication of that sort. I do not recall any letter from any postmaster simply asking for a fast machine, and I can not imagine a postmaster writing such a letter.

Mr. McCoy. Suppose the Post Office Department, as it did in several instances, as you have testified, wrote to the postmaster and asked him if he could not make use of a fast machine, would you expect his letter to say any more than "yes" or "no," or would you expect that he would sit down and give you full information about the facts?

Mr. BUSHNELL. Well, I would expect him to say something about the facts.

Mr. McCoy. Notwithstanding it has been suggested to him that he might make use of such a machine?

Mr. BUSHNELL. I think it would be a very natural thing for a postmaster to say something about it—that a fast machine would be of great benefit to his office, or something like that.

Mr. McCoy. Have you one of the letters, or a copy of one of the letters, sent out about two years ago?

Mr. BUSHNELL. I have not.

Mr. McCoy. I wish you would produce—was it a form letter, similar in each instance?

Mr. BUSHNELL. I think it was substantially the same.

Mr. McCoy. I wish you would bring copies this afternoon of all the letters that were written about two years ago and since suggesting installation of machines and copies of all the replies that have been received.

Mr. BRITT. Mr. McCoy, there is a great deal embodied in that question. We will undertake to get it as soon as we can, but I do not know about this afternoon.

Mr. BUSHNELL. That would necessitate going through a hundred files to find those letters.

Mr. BRITT. We will furnish them as soon as they can be found and copied.

Mr. BUSHNELL. I have no idea what offices they are, which particular offices they have been sent to.

Mr. McCoy. You know where these machines are, don't you?

Mr. BUSHNELL. Yes; but it would require going through all the individual files of at least 50 or 60, perhaps 75, post offices.

Mr. McCoy. Confine your inquiry to letters that have been written since the 1st day of July, 1910, in regard to placing machines.

Dr. GRANDFIELD. I will telephone, Mr. McCoy, and have them start in on it.

Mr. McCoy. I regret to have to do it. I hoped that I could get the information from the witness, but I apparently can not escape putting the department to that trouble.

Dr. GRANDFIELD. If you will accept my recollection of what was done perhaps I can furnish you the information you want.

Mr. McCoy. Well, suppose you go ahead and tell us, Doctor.

Dr. GRANDFIELD. My recollection is that when the award of the contract was made, July 1, 1910, we wrote to a large number of post offices that had two medium-grade machines, and suggested to the postmasters that a fast machine, which could be furnished a little cheaper than the two intermediate-grade machines, might be substituted for the two intermediate machines, and thus give us two machines to assign to offices that had not at that time been given machines. That is my recollection; I think there were as many as 50 or 60 letters along those lines. In addition, however, I think there were some letters written to post offices of considerable importance, where the receipts were, as Mr. Bushnell says, \$50,000 or \$60,000 a year, asking whether the intermediate machine in use at that office was of sufficient capacity to do the work, and if not, whether they could use a faster machine to better advantage. The award of the contract necessitated a considerable realignment of machines, and just how many letters were written I do not know, but there were, I should say, at least 50 or 60 on the lines that I have stated. Now, we could find those letters in the files.

Mr. McCoy. I am going to save you that trouble if I can. Mr. Bushnell testified here about the rush of mail in the afternoon, and what not, as determining to a certain extent, regardless of the receipts, or perhaps in connection with the receipts of the office, whether a fast machine should go in. Now, do the answers to those letters go into that particular question?

Dr. GRANDFIELD. What he had in mind, I think, are the cases where we have assigned fast machines to comparatively small offices, because there is a very large volume of mail there that would require a power machine but is not reflected in the receipts of the offices, but on everything over third-class the mail is smaller, practically one-half—

Mr. McCoy (interposing). Yes; I understand that in the question of receipts there may be offices where the rush of even first-class mail is very heavy at a given hour.

Dr. GRANDFIELD. Yes; when a heavy mail comes in and one is being dispatched the same machine must be used on the outgoing mail and also backstamping the incoming mail, necessitating the use of these machines that would otherwise be unnecessary.

Mr. McCoy. The question that I was coming at was to ascertain the general nature of the replies that were received to those letters, so that I could determine whether, in making the assignments to particular offices, the assignment turned on the question of receipts or to a large extent on the peculiar conditions prevailing in a given office. That is all that I was trying to get.

Dr. GRANDFIELD. Where we substituted one of those machines for two machines, of course, the receipts had a very large bearing on it. It was simply a question of economy in that case, because one of these machines was less expensive than two of the intermediate machines.

Mr. McCoy. From my information and talks with Mr. Slack I found that that was so to some extent, and I am trying to get it into the record, but I am not making much speed at it, so far as this morning is concerned.

Dr. GRANDFIELD. Well, I will telephone down to the office and have a search made for all the letters written regarding the assignment of fast machines since the early part of July, 1910, or during the month of July, 1910.

Mr. McCoy. It would have to be since July, 1910, to get up what I want.

Mr. Bushnell, on the list of assignments of machines that have been furnished by the department to the committee I find that a fast machine was assigned to Lewiston, Idaho, and that the gross receipts of that office are \$28,121.

Mr. BUSHNELL. What kind of a machine?

Mr. McCoy. Cummins.

Mr. BUSHNELL. I think that is an error.

Mr. McCoy. What is the fact in that respect?

Mr. BUSHNELL. I do not know. There is no Cummins machine at Lewiston, Idaho.

Mr. McCoy. Well, nevertheless you furnished a statement that there was. Now, what is the fact in that respect? What machine is there? We will correct the record.

Mr. BUSHNELL (after examining paper). That is a Cummins No. 11. That is a mistake. The machine we have there is one of the new machines recently purchased.

Mr. Britt. That is a Cummins No. 11.

Mr. BUSHNELL. Yes; one of the 55 recently purchased at \$184. That is an error, Mr. McCoy.

Mr. McCoy. Now, Ottawa, Ill., appears to have \$38,612 of receipts and to have a Cummins fast machine, and it seems to have been assigned May 26, 1911. When I say a Cummins fast machine I mean

the Time Marking Machine Co.'s machine and known as the Cummins.

Mr. BUSHNELL. I think that is also an error. I don't find it.

Mr. McCoy. I say again, I am going by what is furnished.

Mr. BUSHNELL. It is a Columbia that is there; assigned on May 26, 1911; not a Cummins at all. It was an error on our cards and was subsequently corrected; it is a Columbia.

Mr. McCoy. I find that a Time Marking Machine Co., Cummins, was assigned to Gary, Ind., and that the receipts are \$43,040.

Mr. GRANDFIELD. How much were the receipts?

Mr. BUSHNELL. \$43,040.

Mr. GRANDFIELD. That office jumped from \$500 to \$40,000 in six months, and has gone up ever since. That was a fourth-class post office and was advanced to the second-class.

Mr. BUSHNELL. It is more than \$40,000 now.

Mr. McCoy. What is the date of that?

Mr. GRANDFIELD. For the quarter ended March 31, 1912.

Mr. McCoy. The machine was assigned on the 10th day of June, 1911.

Mr. GRANDFIELD. With a knowledge of the rapid growth of the office.

Mr. McCoy. I find we have been furnished with a statement that a Time Marking Machine, Cummins, was furnished to Martinsville, Ind., the receipts being \$15,247, and that it was assigned prior to July 1, 1910.

Mr. BUSHNELL. That machine is a model L of the International Postal Supply Co.

Mr. McCoy. I would imagine it would be something of that kind, but I am only going by what we have, and we have gone to the trouble of tabulating this whole business, which seems to be inaccurate.

Mr. BUSHNELL. We sent you a correction of that list.

Mr. McCoy. I have not seen it if you have—nothing but that tabulated list.

Mr. GRANDFIELD. Mr. Britt made a statement explaining the circumstances under which the list was made and why it was necessary to send up corrections to the committee.

Mr. McCoy. The suggestions for the corrections came from the committee. We looked this through and made up our minds there were a good many mistakes.

Mr. BRITT. I furnished you a partial list from the Superintendent of the Division of Salaries and Allowances.

Mr. McCoy. I remember your suggestion, but the memorandum was given to Mr. Koons before you made the suggestion.

Mr. BRITT. I did not have knowledge of that.

Mr. BUSHNELL. The list was prepared very hastily from our card records and we used the words "Col" and "Cum." and it was easy to get them confused.

Mr. McCoy. I would suggest you change that. The card index is not worth the powder to blow it out of the window unless you get your information promptly and accurately and unmistakably. I find from the information furnished the committee that the Time Marking Machine Co. Cummins machine was furnished to Clinton, Iowa, May 18, 1912, and that the receipts are \$54,275.

Mr. BUSHNELL. The postmaster in that case reported on April 13, 1912, that the Combination machine which he had was very unsatisfactory and asked for a faster machine. He asked that he be assigned one of those machines.

Mr. McCoy. Wait a minute. Will the stenographer read the last answer?

Last answer read.

Mr. McCoy. One of which machines?

Mr. BUSHNELL. The Cummins machine.

Mr. McCoy. Did he specify the Cummins?

Mr. BUSHNELL. Yes.

Mr. McCoy. Had there been any suggestion made to him?

Mr. BUSHNELL. No.

Mr. McCoy. By the department?

Mr. BUSHNELL. No.

Mr. McCoy. Had any representative of Mr. Cummins been at his office?

Mr. BUSHNELL. I do not know that.

Mr. McCoy. Some of the correspondence from postmasters disclosed that a representative had been there. Did that postmaster at Clinton disclose any peculiar conditions?

Mr. BUSHNELL. I would have to see the letter; I could not answer offhand.

Mr. McCoy. Well, you testified that he stated that the Combination machine which he had was unsatisfactory and that is a matter of recollection.

Mr. BUSHNELL. No; it is just a memorandum which I made.

Mr. McCoy. Why did you not make a complete memorandum?

Mr. BUSHNELL. I will produce the letter this afternoon.

Mr. McCoy. Very well, do so; and anything that bears on that question. Now, I will say that hereafter, unless I say something different, that I am going to refer to this machine as the Cummins fast machine and not repeat the fact that they are made by the Time Marking Machine Co. I find that a Cummins fast machine was assigned to Owensboro, Ky., on September 16, 1911, and that the receipts of the office are \$52,080.

Mr. BUSHNELL. The postmaster in that case had a Combination machine, which he reported as inadequate for his purpose. He made a request that the Hey-Dolphin Flier be sent to him. He was assigned a Cummins machine because it was \$30 cheaper.

Mr. McCoy. Now, you have given all the reasons, have you?

Mr. GRANDFIELD. It is an office that sends out a great many circulars, whisky circulars from distilling companies. The postoffice is in a Government building.

Mr. McCoy. Who furnished the motor for that machine?

Mr. BUSHNELL. The department furnishes all the motors.

Mr. McCoy. How much more expensive, if any, are the motors furnished for these fast Cummins machines than for the other fast machines?

Mr. BUSHNELL. They are a trifle more expensive, but it depends upon whether they are vertical or horizontal motors. The motors we are using now are horizontal, as I recollect.

Mr. McCoy. Did the postmaster at Owensboro, Ky., write stating any special conditions in the office?

Mr. BUSHNELL. We have to get from every postmaster the condition of the electric current so as to make the motor fit the machine.

Mr. McCoy. How much does it cost to install such a motor as is used with a Cummins fast machine?

Mr. BUSHNELL. I do not know now; I can get those figures for you.

Mr. McCoy. Does it not cost a great deal more than to install one of the other motors?

Mr. BUSHNELL. Not a great deal more.

Mr. McCoy. Bring the figures, please, and also bring the letter from the postmaster at Owensboro, Ky. Produce the correspondence in regard to that machine. Now, I find that a Cummins fast machine was assigned to Pontiac, Mich., July 22, 1910, and that the receipts were \$46,268.

Mr. GRANDFIELD. That is another one of the most rapidly growing towns in the United States. The population in the last few months increased 5,000 owing to the automobile industry. We can hardly keep pace with the growth of the city.

Mr. BUSHNELL. That machine replaced a Combination. I would like to look at the correspondence.

Mr. McCoy. Produce the correspondence. The machine was assigned, you will notice, July 22, 1910, and these receipts are receipts for the year ending March 31, 1912.

Mr. GRANDFIELD. The receipts at the time the machine was assigned were probably larger than the figures you have here.

Mr. McCoy. That will be disclosed probably in the correspondence, if that was the basis. Alliance, Ohio, had a fast Cummins assigned May 16, 1912, receipts \$51,736.

Mr. BUSHNELL. The postmaster requested a faster machine on account of the increase in business.

Mr. McCoy. Give us all the correspondence.

Mr. BUSHNELL. That is all I have; just a note on that. I will have to give you the correspondence.

Mr. McCoy. Mankato, Minn., has a fast Cummins machine, assigned August 8, 1912. The receipts are \$53,547.

Mr. BUSHNELL. I have not got Mankato, Minn.; I have to get the correspondence.

Mr. McCoy. Have you no memorandum with you?

Mr. BUSHNELL. Simply that he requested a Combination; that is all.

Mr. McCoy. What is the speed of the Combination?

Mr. BUSHNELL. It depends largely upon the way it is fed.

Mr. McCoy. I suppose the speed of any machine depends upon the way it is fed.

Mr. BUSHNELL. Surely.

Mr. McCoy. Why do you say it depends upon the way it is fed. If you fed one letter a minute, it would not cancel more than that. You know what I mean.

Mr. BUSHNELL. The operator in the Washington office told me last night the one they were using there was running about 700 a minute.

Mr. McCoy. A Combination?

Mr. BUSHNELL. The Combination, you are asking me?

Mr. McCoy. That is what I did. It is remarkable how you can assume that I am asking about the Cummins all the time. You have some tabulated reports there which show a recapitulation, which I read into the record some time ago, showing the average number of pieces a minute to be 197. The recapitulation of the Model S of the International Postal Supply Co., also an intermediate machine, shows 227 pieces a minute, and a recapitulation of the Model B, the Universal, shows the average number of pieces per minute to be 265. I am reading from the official recapitulations furnished to the committee. I take it that you complied with my request and watched the operations of the Cummins fast machine in the Washington City post office last night?

Mr. BUSHNELL. I did.

Mr. McCoy. And also the Hey-Dolphin Flier?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Now, what do you say about the comparative noisiness of the two machines?

Mr. BUSHNELL. I find the Cummins machine makes more noise.

Mr. McCoy. A great deal more noise?

Mr. BUSHNELL. The two of them were running together, and there were four machines running at the same time, and I could not see the degree—

Mr. McCoy. I could, and did; and you could have stood right by the Cummins fast machine there and listened to it, and then you could have gone over to the Hey-Dolphin machine and listened to it and made up your mind, and you need not have been interfered with by the Hey-Dolphin machines when you listened to the Cummins fast machine. I thought I could have saved a trip down there. I suppose I will have to take somebody down in order to testify.

Mr. BRITT. He answered he found the Cummins made more noise. Can you tell how much greater it is?

Mr. BUSHNELL. I have no information by which I can tell as to the quality of the noise. I would not say it is 200 or 300 per cent greater. I found this information down there.

Mr. McCoy. Found what?

Mr. BUSHNELL. I obtained this information in connection with these four machines, which I think is illuminating.

Mr. McCoy. I do not want the information you obtained at this time except the results of your own observation.

Mr. BRITT. Is it concerning the noise?

Mr. BUSHNELL. No.

Mr. McCoy. I would like to have the information later on. However, you can let me see it.

Mr. BUSHNELL. It is simply a memorandum. It was simply the amount of work that was done on the machines showing that, notwithstanding the remarkable noise it makes, it is doing almost the amount of work that the three Hey-Dolphins are doing. That is the record for one week, and the hardest class of mail that is handled in the office, which is drop mail. The drop mail is considered by all canceling-machine men—

Mr. McCoy (interposing). I have seen something about that machine. I am going down there with you, and I am going to have some thick and thin mail put through the Cummins fast machine, such mail as is put through a Hey-Dolphin machine, and we will see

what happens, and then I will have somebody down there with me who can check up your observations. We will run that right down to the ground. Let me have your tabulation again. Now, who gave you the information on this paper you show me?

Mr. BUSHNELL. The assistant postmaster.

Mr. McCoy. Who is he?

Mr. BUSHNELL. Mr. Robinson.

Mr. McCoy. I find the information covers January 1 to January 6. When was that requested?

Mr. BUSHNELL. This morning. I asked him to give me the canceling machine records for the week, for the last week.

Mr. McCoy. And you consider that this is illuminating, do you?

Mr. BUSHNELL. Oh, possibly not.

Mr. McCoy. You do not think it is illuminating?

Mr. BUSHNELL. It depends upon the viewpoint.

Mr. McCoy. It does not depend upon the figures it contains, but upon the point of view and the way you approach it. Is that it?

Mr. BUSHNELL. It simply shows the quantity of mail handled by the different machines.

Mr. McCoy. By the different machines?

Mr. BUSHNELL. By these four machines. They keep a record of it every day. These are the records for 24 hours.

Mr. BRITT. Does the speed of the machine have a bearing upon the amount of noise made?

Mr. BUSHNELL. Naturally a faster machine, I would say, would make more noise.

Mr. McCoy. Is there any difference in the mechanism of the Hey-Dolphin machine and the Cummins fast machine with reference to how the mail is struck?

Mr. BUSHNELL. Yes.

Mr. McCoy. There is?

Mr. BUSHNELL. Yes.

Mr. McCoy. What is the difference between them?

Mr. BUSHNELL. A difference in what is known as the trip.

Mr. McCoy. As long as the Cummins machine is running, no matter whether mail goes through it or not, the trip is pounding away at the rate of 600 or 700 a minute, is it not?

Mr. BUSHNELL. It makes more noise when the mail is going through it than it does when there is no mail going through it.

Mr. McCoy. That was not my question. I say the part of it that makes the noise keeps making a loud noise even when mail is not being run through it, does it not?

Mr. BUSHNELL. I think not. I think it is the letter that operates the trip.

Mr. McCoy. You are a very close observer. I say it keeps pounding away whether mail is going through or not, and that the Hey-Dolphin machine does not. We will have this paper which you produced marked Exhibit C for identification.

Mr. BUSHNELL. I can have it put in better form if you would like to have it.

Mr. McCoy. Now, as long as we have gotten on that; you observed these two machines last evening, did you?

Mr. BUSHNELL. Yes.

Mr. McCoy. Do you say this to the committee: That they were running as thick mail through the Cummins fast machine as they ran through the Hey-Dolphin machine?

Mr. BUSHNELL. They were running mail from the pick-up tables through the Cummins machine. I made no observations as to the thick and thin mail.

Mr. McCoy. Those things I was asking you about yesterday.

Mr. BUSHNELL. No; you asked me to observe the noise of the machine.

Mr. McCoy. And I was talking about the thick and thin mail.

Mr. BRITT. My recollection is your request pertained to the noise.

Mr. McCoy. I thought maybe the witness would look it up, as he had heard the testimony that a certain number of Cummins machines were especially adjusted for thick mail in the Chicago post office. In the pick-up tables they take the fat mail and throw it into those pockets in the back, do they not?

Mr. BUSHNELL. Some of it—mail that won't go through the machine.

Mr. McCoy. What would be the thickness of a piece of mail that could go through that machine?

Mr. BUSHNELL. I do not know.

Mr. McCoy. The mail that is picked up off the pick-up tables and thrown into these pockets at the back of the table is carried over to the ordinary pick-up tables?

Mr. BUSHNELL. Yes.

Mr. McCoy. In the Washington post office?

Mr. BUSHNELL. I presume that is the method.

Mr. McCoy. I will have to take a recess, because I can not stand these presumptions. Did you not see that done there last night?

Mr. BUSHNELL. I did not see that done. I did not see them take the mail from the pockets of the table and never have seen them take it from the table. I do not know what they do with it.

Mr. McCoy. Do you testify before this committee that you have never been downstairs on the floor of the Washington city post office and observed how they handle mail on pick-up tables and canceling machines?

Mr. BUSHNELL. Certainly, I have; many times. You asked me if they took the mail which was thrown into the pockets of the pick-up tables and carried it across to the ordinary pick-up tables. I never saw them do that. I can not imagine what I would have observed that for.

Mr. McCoy. You can not?

Mr. BUSHNELL. No.

At 1 o'clock p. m. the committee took a recess until 2.30 p. m. same day.

AFTER RECESS.

The subcommittee reconvened at 2.40 p. m.

Mr. McCoy. Mr. Reporter, just note this: After talking with Mr. Britt I have decided to strike out of the record such statements as I made this morning about machines in the Washington post office, together with the statement that Mr. Bushnell made that led up to the

discussion. That is not to be stricken out by the reporter, but it is to be brought here and I will strike it out.

Mr. BUSHNELL [handing files to Mr. Britt]. Mr. Britt, those are the special files that Mr. McCoy asked for this morning, relating to the assignment of these machines. The letters referred to are indicated by the slips.

Mr. McCoy. We had up this morning the question of the Gary (Ind.) post office, and I find here the following letter from the postmaster there which, instead of offering as an exhibit, I will read, because otherwise it will have to come out of this bunch. (Reading:)

U. S. POST OFFICE, Gary, Ind.

FIRST ASSISTANT POSTMASTER GENERAL,
Washington, D. C.

DEAR SIR: This office is sadly in need of a canceling machine. We have a small hand-power machine, but it is too small for the work and it is worn out and continually out of repair, the Government paying \$20 per quarter for it. I would like to have placed in this office a combined electric machine. Please give this your attention and advise me.

Yours, respectively,
W. F. K.

JOHN W. CALL, *Postmaster.*

The letter is not dated, but it is stamped "Received July 11, 1910," and on the bottom is the lead-pencil memorandum: "Mr. Bushnell: \$25,000 receipts and growing rapidly. I think the Cummins machine will be justified." Initialed by Dr. Grandfield. Then: "O. K., Cummins. E. T. B., August 15, 1910." What is the combined electric machine, Mr. Bushnell?

Mr. BUSHNELL. Unless he referred to the combination.

Mr. McCoy. That is probably what he did refer to, did he not—what is known as the "combination" machine?

Mr. BUSHNELL. Yes; that is, a combined electric and hand machine.

Mr. McCoy. Now, that is not one of the machines which we talked so much about, which is operated as a hand machine and then converted into an electric machine?

Mr. BUSHNELL. No; it is a combination machine which can be operated by hand as a drop-feed machine or as an automatic electric machine.

Mr. McCoy. Why was not one of those combination machines sent?

Mr. BUSHNELL. We simply concurred in Dr. Grandfield's suggestion in that case.

Dr. GRANDFIELD. I know about the rapid growth of Gary. I had a memorandum showing the business of that office. I will see if I can get it.

Mr. McCoy. Well, the rapid growth of Gary was due to the building of the United States Steel Co.'s plant?

Dr. GRANDFIELD. Yes, sir; the population jumped from nothing to 10,000 or 12,000.

Mr. McCoy. That is not the kind of place where they are concerned in sending out a large number of circulars?

Dr. GRANDFIELD. Well, the receipts of the post office—the office was advanced from the fourth class to the second class. The first year it was in operation we had great trouble in finding adequate quarters. While it was a fourth-class office my recollection is that the Steel Corporation gave us a room free, and then after it was raised to second class we made a lease with the company, and the

quarters had to be increased. The population increased very rapidly and the receipts of the post office increased very rapidly.

Mr. McCoy. Is not the combination machine in offices much larger than the Gary office?

Dr. GRANDFIELD. Oh, I presume so.

Mr. McCoy. Gary, Ind., has not increased proportionately as rapidly since July, 1912, as it did between July, 1910, and July, 1912?

Dr. GRANDFIELD. Not in the same proportion, but there has been a steady increase.

Mr. McCoy. How large is Gary, Ind., to-day?

Dr. GRANDFIELD. You mean in point of receipts?

Mr. McCoy. No; I mean the city.

Dr. GRANDFIELD. I think it has a population of about 16,000 or 17,000.

Mr. McCoy. And largely made up of employees in the Gary works, so called, the plant of the United States Steel Corporation?

Dr. GRANDFIELD. Yes.

Mr. McCoy. People who do not send or receive a large volume of first-class mail?

Dr. GRANDFIELD. Well, 18,000 population and \$50,000 receipts would indicate that it did considerable business in proportion to the population, that is, per capita. The amount of postage would be about normal.

Mr. McCoy. I find in the list of assignments furnished that a Cummins fast machine was assigned to North Yakima, Wash., the receipts of which are \$59,407. That was assigned October 1, 1912.

Mr. BUSHNELL. Yes; there are four offices down there: North Yakima—

Mr. McCoy (interposing). Well, wait a minute.

Mr. BUSHNELL. I want to explain why that was sent.

Mr. McCoy. All right; go ahead.

Mr. BUSHNELL. North Yakima, Bellingham, Seattle, and Walla Walla. We assigned machines there in order to get the machines that were in there down to California. This assignment resulted in shifting a number of machines into growing offices in California. We shifted with those some other machines that we took out of the stations. We made something like 15 or 16 different changes in order to supply offices down in California that were growing rapidly, some of which had no machines, in order that we might use the smaller machines that were in those offices.

Mr. McCoy. Now, that was the consideration, was it, that moved to those changes?

Mr. BUSHNELL. That is the reason—that we wanted to get the use of those machines.

Mr. McCoy. Why could not you put a Universal B machine in there?

Mr. BUSHNELL. Could have done it.

Mr. McCoy. The rent is what?

Mr. BUSHNELL. \$150.

Mr. McCoy. The rent of a Cummins fast machine is what?

Mr. BUSHNELL. \$270.

Mr. McCoy. And the cost of the motor on the Cummins machine and on the installation of it is considerably more than the cost of the motor for the installation of the Universal B machine?

Mr. BUSHNELL. I do not know what is the difference.

Mr. McCoy. Well, it is larger, is it not?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Have you any figures there which show how much larger it is?

Mr. BUSHNELL. No, I did not have the time to get them. I have a table prepared showing the difference in the cost of all the motors, but in the short time since the morning session I was unable to find it. I will have a table prepared showing the cost of all the different kinds of motors.

Mr. McCoy. Now, that is a thing that I should say you would be able to answer offhand yourself, approximately, since you have had charge of the business for about two years. It costs more to install the machines, aside from the difference in the cost of the motor, does it not?

Mr. BUSHNELL. That depends upon the wiring that is required.

Mr. McCoy. Well, it requires a heavy voltage wiring for the Cummins and not for the Universal B?

Mr. BUSHNELL. Yes.

Mr. McCoy. In your report of August 31 it is shown that the approximate cost of a motor for a Cummins fast machine is from \$53 to \$58. What is the cost of the motor for the Universal B?

Mr. BUSHNELL. I do not recall the amount.

Mr. McCoy. What is it, Mr. Bowes?

Mr. BOWES. With the alternating current it is \$12 and with the direct current it is \$8 or \$10. The highest price is \$18.

Mr. BUSHNELL. We have never been able to buy any motors as low as \$12. We recently advertised for motors—

Mr. BOWES (interposing). Direct current, $\frac{1}{2}$ horsepower?

Mr. BUSHNELL. We advertised for that.

Mr. BOWES. You got a bid for that recently, Mr. Bushnell.

Mr. McCoy. Does the Cummins high-speed machine require a rheostat or starting box?

Mr. BUSHNELL. There is some different arrangement on that from the other machines, especially where the special vertical motor is used. I can not explain just all the technical parts of it.

Mr. McCoy. I did not ask for a technical explanation. Do you know whether or not the Cummins high-speed machine requires a rheostat?

Mr. BUSHNELL. Offhand, I am not able to say.

Mr. McCoy. Mr. Bowes, do you know? Let us get this cleared up now.

Mr. BOWES. On alternating I believe it has a device on the motor for starting. I do not know the additional expense.

Mr. McCoy. What is the expense of a rheostat?

Mr. BUSHNELL. Seven to eight dollars.

Mr. McCoy. I am asking Mr. Bowes.

Mr. BOWES. Seven to twelve dollars.

Mr. McCoy. Do you know whether or not there is any extra cost of motor because of the special device which you have just spoken about?

Mr. BOWES. I would like to have the question again.

Mr. McCoy. Do you know whether there is any extra cost of a motor supplied with the special device which you have just mentioned?

Mr. Bowes. I will say that I believe there is an additional expense for that device.

Mr. McCoy. You do not know how much?

Mr. Bowes. I do not.

Dr. GRANDFIELD. I suppose you are aware that at the time when these assignments were begun, in July, 1910, that the Universal machines had been in the service then about 20 days on an average?

Mr. Bowes. How about the Dolphin "S," Dr. Grandfield?

Dr. GRANDFIELD. I was not addressing you.

Mr. Bowes. But I am answering you. When you are making statements that are misleading, some one ought to do it.

Mr. McCoy. Well, never mind, now. I will ask the question: How about the Dolphin "S"?

Dr. GRANDFIELD. The Dolphin "S" had been in the service a great many years.

Mr. McCoy. Is that about the same kind of machine as the Universal B?

Dr. GRANDFIELD. Yes. You asked the question why it was that the Universal machines were not installed and I said they had been in use about 20 days.

Mr. McCoy. Dr. Grandfield, now that you are in it—I was not familiar with the International or the Hey-Dolphin "S," but I have some figures here about the Universal B because they were compiled from papers that were furnished. You knew the purport of my question, which was to ascertain why it was that a machine of the capacity of the Universal B was not put into these offices instead of the high-speed Cummins. Now, when you asked Mr. Bowes that question—

Mr. BRITT (interposing). He did not ask Mr. Bowes any question.

Mr. McCoy. Well, he made a statement to me in regard to Mr. Bowes's Universal machine, and he has had the privilege of asking Mr. Bowes questions before, and Mr. Bowes has had the same privilege, and perhaps Mr. Bowes ought to have asked me whether he might ask the question, but his implied criticism was entirely justified.

Mr. BRITT. I insist that you should have answered the question and not let Mr. Bowes take charge of it for you.

Mr. McCoy. The machine that we are talking about here was assigned October 31, 1911, and it is reported, moreover, in the same report from the department that the machine we are talking about was reported—a whole lot of assignments of these Universal B machines—well, wait a minute. Mr. Bushnell, in your report of August 31, 1912, being Exhibit 313, Schedule B annexed to it, opposite the "Flier" of the International Postal Supply Co. and opposite the Stoddard, in the service of the American Postal Machines Co., you have an item, "Approximate cost of rheostat," and opposite the Cummins, in service in the same schedule, you make no mention of the approximate cost of rheostat. Why not?

Mr. BUSHNELL. Because I think there are none except in some special cases, which was my belief.

Mr. McCoy. That was your belief?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. What did the result of your investigation show?

Mr. BUSHNELL. My investigation did not go into that part of it.

Mr. McCoy. Then why did you make any report about it?

Mr. BUSHNELL. The only mention, I think, that we make, as I remember, in regard to motors is simply a very general statement.

Mr. McCoy. Oh, I know, but it is quite noticeable that there is no mention opposite the Cummins machine of a rheostat.

Mr. BUSHNELL. I will furnish you with the information as to the entire number in the service.

Mr. McCoy. All right. Go ahead and furnish it. You ought to know something about it, so that you can testify now, but you can furnish it if you want to. It should have been in the report, but is not. Now, on your report of these assignments furnished by the department I find a fast Cummins machine at Walla Walla, Wash., and it is assigned November 1, 1911, and the receipts of the office are \$48,901. Now, what was the controlling motive in assigning the Cummins fast machine to the Walla Walla office?

Mr. BUSHNELL. That was one of the four offices I mentioned.

Mr. McCoy. Just answer my question.

Mr. BUSHNELL. It is a first-class office, and it is believed that in any first-class office a fast machine would be justified where the office is growing.

Mr. McCoy. How much is Walla Walla growing?

Mr. BUSHNELL. Well, all of these offices—

Mr. McCoy (interposing). How much is Walla Walla growing?

Mr. BUSHNELL. I do not know. I do not know anything about the population.

Mr. McCoy. You do not know how much the population is, and you do not know whether it is at a standstill or not, do you?

Mr. BUSHNELL. The population was 19,364 in 1910.

Mr. McCoy. Is there a Universal B in Garden City, N. Y.?

Mr. BUSHNELL. Yes.

Mr. McCoy. Is there one in New Britain, Conn.?

Mr. BUSHNELL. Yes.

Mr. McCoy. What are the receipts at New Britain, Conn.?

Mr. BUSHNELL. The receipts are \$118,000—

Mr. McCoy (interposing). \$118,760?

Mr. BUSHNELL. Yes.

Mr. McCoy. On the report in July, 1912? Is that right?

Mr. BUSHNELL. No; March 31.

Mr. McCoy. March 31, 1912?

Mr. BUSHNELL. Yes.

Mr. McCoy. How many other machines were there in the New Britain office?

Mr. BUSHNELL. I put that machine in there because they moved into a new Federal building. The postmaster asked for a new machine.

Mr. McCoy. Connecticut is your State, is it not?

Mr. BUSHNELL. Yes.

Mr. McCoy. How about Garden City, N. Y.?

Mr. BUSHNELL. Garden City is where the Doubleday, Page & Co. publishing house has recently moved to, and that office is—

Mr. McCoy (interposing). Is what?

Mr. BUSHNELL. Has advanced rapidly in the last year.

Mr. McCoy. How long ago did Doubleday, Page & Co. open up its new building at Garden City?

Mr. BUSHNELL. I do not recall just when it was.

Mr. McCoy. Several years ago, was it not? Four or five years ago?

Dr. GRANDFIELD. No; not that long.

Mr. McCoy. How long ago?

Mr. BUSHNELL. I do not know, Mr. McCoy. It was never brought to my attention.

Mr. McCoy. Doubleday, Page & Co. is a big publishing concern?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Had an established business before going to Garden City?

Mr. BUSHNELL. Yes.

Dr. GRANDFIELD. The business grew very rapidly there and we had to borrow a railroad postal car to handle the mail. The post-office quarters were too small.

Mr. McCoy. Now, how about Altoona, Pa.?

Mr. BUSHNELL. I was in the office at Altoona on one occasion and the postmaster called my attention to the great noise that the combination machine made. It was so noisy that in his office we were scarcely able to talk without closing the door, and he asked me if I could not get him another machine, and I assigned the Universal to that office.

Mr. McCoy. Well, what happened? What did you do?

Mr. BUSHNELL. I sent a Universal to him.

Mr. McCoy. What are the receipts of that office?

Mr. BUSHNELL. I think now they are—

Mr. McCoy (interposing). Well, I have the figures—\$111,119. Now, what kind of machine is there at Garden City?

Mr. BUSHNELL. They have the Universal there.

Mr. McCoy. And no other?

Mr. BUSHNELL. I think there are two machines there. Yes, there is a Model S and a Universal.

Mr. McCoy. Model S of what company?

Mr. BUSHNELL. The International Co.

Mr. McCoy. When was that put there?

Mr. BUSHNELL. Which one?

Mr. McCoy. Well, when was each of the two machines put there?

Mr. BUSHNELL. My record book does not show that. I will have to look at the file.

Dr. GRANDFIELD. Would your card record show?

Mr. BUSHNELL. Yes.

Dr. GRANDFIELD. I will send for it and have it sent up.

Mr. McCoy. Is it not a fact that the Model S was taken out and the Universal put in?

Mr. BUSHNELL. I would have to look at the file. I have not anything here to show that. According to my record here, they had the Model S and the Universal.

Mr. McCoy. You say that Walla Walla is a growing town and that is the reason why you put in a fast Cummins, as well as the fact that you wanted to send a machine that was there somewhere else?

Mr. BUSHNELL. Yes.

Mr. McCoy. Well, have you anything in your papers which shows that it was the rapid growth of the town which entered partially into the determination?

Mr. BUSHNELL. No, I have nothing in my papers.

Mr. McCoy. What do you know about Walla Walla growing?

Mr. BUSHNELL. Nothing at all.

Mr. McCoy. Then, why did you speak of the rapid growth of the town?

Dr. GRANDFIELD. I do not think he said that. Walla Walla is in the heart of an agricultural district, in one of the best counties of western Washington, steadily growing.

Mr. McCoy. How rapid has been the growth of Walla Walla?

Dr. GRANDFIELD. A slow growth.

Mr. McCoy. I am talking to Mr. Bushnell.

Mr. BUSHNELL. I do not know.

Mr. McCoy. Is the fact that a town is steadily growing one of the considerations that enter into the assignment of a fast machine?

Mr. BUSHNELL. Yes; that would be a consideration.

Mr. McCoy. That is, steady growth. Suppose it increases uniformly at the rate of 100 a year; that would be steady?

Mr. BUSHNELL. That would not be reasonable.

Mr. McCoy. Then it is a question of the rapid growth that enters into that consideration? Where you assign a machine to a town which ordinarily does not get a machine because of its growth, it is because of its rapid growth, is it not?

Mr. BUSHNELL. It might be that.

Mr. McCoy. Is not that the fact in connection with the growing feature of a town?

Mr. BUSHNELL. Yes.

Mr. McCoy. Now, do you remember the correspondence with the Walla Walla postmaster in connection with the assignment of this machine?

Mr. BUSHNELL. I do not recall it.

Mr. McCoy. Well, I will read it. I think we had better call it Exhibit No. 322. It is as follows:

EXHIBIT No. 322.

JULY 18, 1911.

POSTMASTER. Walla Walla, Wash.

SIR: The records of the department show that you are now using in your office a "Combination" canceling machine manufactured by the American Postal Machine Co., of Boston, Mass., which has an estimated capacity of 250 pieces of mail a minute. The department has a contract with the Time Marking Machine Co., of Chicago, Ill., for furnishing a fast automatic canceling machine known as the "Cummins," at an annual rental of \$270. This machine has an estimated capacity of from 500 to 700 pieces of mail a minute, and owing to the size of the Walla Walla office it is believed that it would be more adequate to the requirements of the service at that point. You are therefore requested to state whether, in your judgment, it would be advisable to replace the "Combination" with one of these fast automatic machines.

Respectfully,

C. P. GRANDFIELD,
First Assistant Postmaster General.

What is the rent of the Combination?

Mr. BUSHNELL. \$135.

Mr. McCoy. And what is the rent of the Universal B?

Mr. BUSHNELL. \$150.

Mr. McCoy. And what is the rent of the International "S"?

Mr. BUSHNELL. \$150.

Mr. McCoy. Do you know how many pieces of mail matter is handled a day at Walla Walla?

Mr. BUSHNELL. I do not.

Mr. McCoy. Did you ever hear?

Mr. BUSHNELL. No.

Mr. McCoy. Did the postmaster at Walla Walla write and tell you how many?

Mr. BUSHNELL. I do not remember.

Mr. McCoy. Did he give you any details as to the requirements of his office?

Mr. BUSHNELL. I do not remember.

Mr. McCoy. Then is it a fact, so far as you have any recollection about it, that it was the size of the Walla Walla office that entitled it to a fast Cummins?

Mr. BUSHNELL. That would seem to be so, from that.

Mr. McCoy. Do you remember whether or not the postmaster at Walla Walla ever asked for a change?

Mr. BUSHNELL. I do not remember.

Mr. McCoy. Well, I have the file here which the department has furnished, in this particular instance.

Dr. GRANDFIELD. Your reply to that letter—

Mr. McCoy (interposing). Wait a minute, Dr. Grandfield. You criticised Mr. Bowes for butting in. Don't you come in again without asking me.

Dr. GRANDFIELD. I was assisting you.

Mr. McCoy. You were assisting the witness.

Dr. GRANDFIELD. I beg your pardon; I had no such intention.

Mr. McCoy. I find a letter here to the First Assistant Postmaster General from the American Postal Machines Co. dated December 9, 1909, reading as follows:

EXHIBIT No. 323.

Postmarking and stamp-canceling machines for post offices.

Dictated by T. G. S.

THE AMERICAN POSTAL MACHINES Co.,
(J. George Cooper, President.)

P. O. ADDRESS, 149 PEARL STREET,
TELEPHONE FORT HILL 515,
Boston, Mass., December 9, 1909.

HONORABLE FIRST ASSISTANT POSTMASTER GENERAL,
Division of Salaries and Allowances, Washington, D. C.

SIR: Referring to your letter of the 2d instant (CWB), we have to report that one of our combination machines has been shipped this day by National Express under Government bill of lading, to the post office at Walla Walla, Wash., to take the place of a drop-feed machine now in use at that office.

Very respectfully,

MS.

THE AMERICAN POSTAL MACHINES Co.

The American Postal Machines Co. (Inc.), December 23, 1885.

First Assistant Postmaster General, received December 11, 1909.

Mr. McCoy. What was the population of Walla Walla in December, 1909?

Mr. BUSHNELL. I have no idea.

Mr. McCoy. Was it a steadily growing town then?

Mr. BUSHNELL. I have nothing—no records here to show.

Mr. McCoy. As another exhibit I will read into the record the following, being Exhibit No. 324. In ink on it is "Cummins."

Underneath that is "Ship comb. to Sheridan, Wyo. E. T. B., September 8, 1911," in the handwriting of E. T. Bushnell.

EXHIBIT No. 324.

UNITED STATES POST OFFICE,
WALLA WALLA, WASH., *July 28, 1911.*
FIRST ASSISTANT POSTMASTER GENERAL,
Washington, D. C.

SIR: Your letter of July 18th, 1911 (CD), submitting a proposition to exchange a "Cummins" cancelling machine for the one now in use at this office was awaiting my return from a brief vacation. Replying thereto would say that we have been adhering pretty strictly to the idea of economy for more than a year; however it is patent that equipment, which is in its operation a time-saving device, is always acceptable, and we believe it will save enough in labor to more than balance the additional cost. We have an excellent administration of our mailing division; the men are young, active, interested in their work, satisfied with their positions, and it occurs to me that in as much as we have put that old ghost "deficit" out of the way that this would be a reasonable adjustment and a most acceptable aid to the efficiency of the service in our office.

We thank you for this opportunity for improving our facilities for the work.
Respectfully,

E. L. BRUNTON, P. M.

(Stamped): First Assistant Postmaster General. Received Aug. 1, 1911.

"Cummins." Ship comb. to Sheridan, Wyo. E. T. B. Sept. 8/11.

G. R. 48732.

Now, take the Walla Walla file, and if I have failed to read from that file anything that would indicate the needs of the post office there, or if I have failed to indicate the initial subject in the assignment of that office, I would like to have you point it out.

Mr. BUSHNELL. There is nothing further in this particular file. But as I stated before, at that time we had a large number of requests for smaller machines from these other offices, and it seemed to Dr. Grandfield and myself to be sufficient justification for making a number of those readjustments in the West.

Mr. McCoy. That accounts for the removal of the combination machine that was in the office. Now, what accounts for the placing in it of the Cummins rapid machine?

Mr. BUSHNELL. Simply to give them a machine that would do the work for some time to come, with the growth of the office.

Mr. McCoy. What do you know about the growth of the office?

Mr. BUSHNELL. Perhaps nothing but the natural supposition that it would grow in that western territory.

Mr. McCoy. Do you know whether or not there is any manufacturing done at Walla Walla?

Mr. BUSHNELL. I know nothing at all about the condition.

Mr. McCoy. But you had a general notion that it would grow?

Mr. BUSHNELL. From the experience in the records of all of those offices along the western slope. We have more applications for canceling machines, probably, from the towns along the western coast than from anywhere else.

Mr. McCoy. They have more nerve out West than they have in other places. Are they these suggested applications like this at Walla Walla, or are they spontaneous?

Mr. BUSHNELL. I am talking about—

Mr. McCoy (interposing). You are talking about Walla Walla, where you put it up to the postmaster to take these machines.

Mr. BUSHNELL. I did not put it up to the postmaster.

Mr. McCoy. Well, the department put it up to the postmaster. The letter was written suggesting the machine, and you were in charge of the work, and the machine was sent.

Mr. BUSHNELL. I think we were justified.

Mr. McCoy. You don't know anything about the town; you don't know how big it was then; you don't know how big it is now; you don't know what the mail is, or whether it is a manufacturing town; and I have not asked you what the industries in Walla Walla are, but I will ask you now.

Mr. BUSHNELL. I do not know.

Mr. McCoy. You don't know a thing about it, do you?

Mr. BUSHNELL. No.

Mr. McCoy. Is it on the western slope of the Cascade Mountains out there, or on the eastern side of the mountains?

Mr. BUSHNELL. I could not tell you.

Mr. McCoy. Do you know what North Yakima is?

Mr. BUSHNELL. I do not know.

Mr. McCoy. What do they do at North Yakima as an industry?

Mr. BUSHNELL. I have no information.

Mr. McCoy. Is North Yakima in an agricultural territory, a fruit-growing territory, or a manufacturing territory?

Mr. BUSHNELL. I have no idea.

Mr. McCoy. What is Bellingham? Do you know where that is?

Mr. BUSHNELL. No.

Mr. McCoy. Is Walla Walla on Puget Sound?

Mr. BUSHNELL. I do not know just where it is.

Mr. McCoy. Is North Yakima on Puget Sound?

Mr. BUSHNELL. I do not know.

Mr. McCoy. Is Bellingham on Puget Sound?

Mr. BUSHNELL. I have never been at any of them.

Mr. McCoy. Do you know the geography out there?

Mr. BUSHNELL. Very little.

Mr. McCoy. What kind of machines did they have in the Seattle post office at the time of this assignment to the North Yakima office—do you know?

Mr. BUSHNELL. I would have to consult the files. They have two fliers and one hand machine at present.

Mr. McCoy. They now have two fliers and one hand machine? What kind of hand machine?

Mr. BUSHNELL. Model L. That is probably in the statement.

Mr. McCoy. Seattle is a town of some 250,000 to 300,000?

Mr. BUSHNELL. 237,000.

Mr. McCoy. Why did you not send the Model L machine to Walla Walla and send a Cummins to the big town?

Mr. BUSHNELL. There was no request. There was no apparent need at Seattle.

Mr. McCoy. Why did you not suggest it? They might need it in a town that is growing very rapidly, as everybody knows. Now, let us come down to Fairmont, W. Va. I find that a fast Cummins machine is there, assigned March 25, 1912, and the receipts March 31, 1912, were \$55,679. What was the consideration for that assignment?

Mr. BUSHNELL. The postmaster reported that the combination was unsatisfactory, and requested a fast machine.

Mr. McCoy. Had you written him a letter asking him about how he was pleased with his outfit?

Mr. BUSHNELL. I have no recollection of doing anything of the kind.

Mr. McCoy. What kind of a town is Fairmont, W. Va.?

Mr. BUSHNELL. It is a flourishing city.

Mr. McCoy. Whereabouts is it?

Mr. BUSHNELL. It is up in the soft-coal region.

Mr. McCoy. It is up in the soft-coal region? What is the principal industry in that town?

Mr. BUSHNELL. I do not know, unless it is the soft-coal industry.

Mr. McCoy. How big was Fairmont, W. Va., in March, 1912?

Mr. BUSHNELL. The receipts of the office are \$55,000.

Mr. McCoy. So I see. I have it right here in front of me.

Mr. BUSHNELL. The population is 9,711.

Mr. McCoy. And how rapid a growth was that undergoing?

Mr. BUSHNELL. I think the post office there has been growing for some time.

Mr. McCoy. Well, give us an indication of the various stages of growth.

Mr. BUSHNELL. I would have to look at the records.

Mr. McCoy. You are positive it has been growing for some time, are you?

Mr. BUSHNELL. That is my recollection.

Mr. McCoy. How big did you say the town was?

Mr. BUSHNELL. The town is 9,711 (population).

Mr. McCoy. How big is Walla Walla?

Mr. BUSHNELL. 19,000, and yet the receipts of Fairmont are larger than Walla Walla's.

Mr. McCoy. How big a place is New Britain, Conn., where you have a Universal B?

Mr. BUSHNELL. 43,000. New Britain is a manufacturing town.

Mr. McCoy. Quite a husky town, New Britain is, is it not?

Mr. BUSHNELL. Yes.

Mr. McCoy. Like all towns in Connecticut, they are pretty busy, are they not?

Mr. BUSHNELL. Most of them.

Mr. BRITT. Is that true of all towns in Connecticut?

Mr. BUSHNELL. Until you get around to Bridgeport, etc.

Mr. BRITT. It beats North Carolina.

Mr. McCoy. It beats New Jersey in some respects. North Carolina is a fine place.

Mr. BRITT. Superlatively so.

Mr. McCoy. How many machines are there in the Syracuse (N. Y.) post office? Never mind that. How many machines are there in Dayton, Ohio?

Mr. BUSHNELL. Two fliers and one Universal.

Mr. McCoy. Altoona, Pa.?

Mr. BUSHNELL. They have one Universal there.

Mr. McCoy. Did that supersede any machine?

Mr. BUSHNELL. The combination.

Mr. McCoy. When was that?

Mr. BUSHNELL. February, 1911.

Mr. McCoy. Well, Beloit, Wis., I find, has a fast Cummins machine, assigned when? [After speaking with Mr. Slack] March 18, 1912. The receipts are \$55,018.

Mr. BUSHNELL. The postmaster there requested a flier.

Mr. McCoy. Was that a suggested requisition?

Mr. BUSHNELL. I do not recall that it was. I would have to look at the file. They had a combination, and the postmaster requested a Hey-Dolphin Flier. We sent him the Cummins, which was \$30 cheaper.

Mr. McCoy. What was the inducing consideration in sending the fast Cummins to Beloit?

Mr. BUSHNELL. Thirty dollars less in price than the flier that he requested.

Mr. McCoy. That occasionally enters into it, does it?

Mr. BUSHNELL. It entered into it in a number of cases.

Mr. McCoy. What were all the considerations which led to the assignment of the Beloit machine?

Mr. BUSHNELL. I have not the file. I am not able to speak without it.

Mr. McCoy. How large a town is Beloit?

Mr. BUSHNELL. 15,125 in 1910.

Mr. McCoy. Is that one of these steadily growing places?

Mr. BUSHNELL. The receipts are \$55,000—

Mr. McCoy (interposing). And \$18.

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. Is that one of these steadily growing places or rapidly growing places.

Mr. BUSHNELL. I do not remember. I have nothing here to show.

Mr. McCoy. Take Marinette, Wis. You will find a fast machine assigned there October 1, 1910, and the receipts are \$31,953. These receipts have been taken from the 1912 book, as I understand it. Consequently, where machines were assigned before that time, as in this instance two years before, it would have to be assumed, as all these towns seem to be growing, that they were less at the time when this amount was taken—\$31,953.

Mr. BUSHNELL. Those are the receipts for the four quarters ending March 31.

Mr. McCoy. 1912?

Mr. BUSHNELL. Yes.

Mr. McCoy. The machine was assigned there October 1, 1910. Now, what was the moving consideration there?

Mr. BUSHNELL. I do not know. I concurred in the suggestion that Dr. Grandfield made to me in that case, which the file would show.

Mr. McCoy. Do you know anything about Marinette?

Mr. BUSHNELL. Not a thing.

Mr. McCoy. Do you know where it is?

Mr. BUSHNELL. No.

Mr. McCoy. Do you know whether or not it is a manufacturing town?

Mr. BUSHNELL. No.

Mr. McCoy. Well, take Wausau, Wis. There is a fast machine there, assigned October 3, 1910, and the receipts are \$46,282. Before you answer that question—What is the population of Marinette?

Mr. BUSHNELL. 14,610 in 1910.

Mr. McCoy. Then come down to Wausau.

Mr. BUSHNELL. 16,560.

Mr. McCoy. Population?

Mr. BUSHNELL. Yes.

Mr. McCoy. What was the—

Mr. BUSHNELL (interposing). I recall the incident in that case and the reason. There are two mails that are dispatched at practically the same time and two mails received at the same time.

Mr. McCoy. And how large a volume of mail?

Mr. BUSHNELL. Well, the receipts indicate that it is an office of the first class; but it was the necessity of dispatching those mails, one in one direction and one in the other, and handling the two that come in there at the same time, practically.

Mr. McCoy. Do they stamp all letters in that office?

Mr. BUSHNELL. I can not state from this.

Mr. McCoy. I wish you would find out and let us know.

Mr. BUSHNELL. I will ascertain that fact.

Mr. McCoy. What is the population of Alliance?

Mr. BUSHNELL. Alliance?

Mr. BRITT. You discussed Alliance this morning.

Mr. McCoy. Yes, but I do not remember asking the population. In fact, I think I have only done it recently.

Mr. BUSHNELL. I think that is one of the special files that I brought up.

Mr. McCoy. Yes, I have it right here in front of me.

Mr. BUSHNELL. The population is 15,083.

Mr. McCoy. How much?

Mr. BUSHNELL. 15,083. Receipts, \$51,763.

Mr. McCoy. I find this letter, which will be Exhibit 325, dated United States Post Office, Alliance, Ohio, March 29, 1912, addressed to Dr. Grandfield. On this is indorsed "53,945" and the initials "GR," I suppose, mean "gross receipts," and "Combination in;" then, written in ink by Mr. Bushnell, with his initials signed to it, the following: "Replace this machine with a Cummins E. T. B. April 11, 1912."

EXHIBIT No. 325.

UNITED STATES POST OFFICE,
Alliance, Ohio, March 29, 1912.

THE FIRST ASSISTANT POSTMASTER GENERAL.

Division of Salaries and Allowances, Washington, D. C.

SIR: We have in the Alliance post office a canceling machine, Style C, No. 188, American Postal Machine Co. This machine is practically worn out, as proper adjustments can not be made so as to give us the service it once gave. It is necessary to send through the canceling machine at least one-third of the mail a second time, which makes double the work.

The increased amount of business that is now coming into this office would justify a larger and faster machine. I would therefore recommend that this office be allowed a Style S, No. 9, self-feed, American Postal Machine Co., canceling machine. The amount of outgoing and the amount of incoming mail that has to be backstamped justifies this requisition. Our present machine is not giving good satisfaction, and we trust that the department can see their way clear to favor us in this matter.

Yours, very respectfully,

EDWIN MORGAN,
Postmaster.

Replace this machine with a Cummins. E. T. B., April 11, 1912.

53,945—o. R. Comb. in.

(Stamped :) Received March 30, 1912, Division of Salaries and Allowances.

Now, the "Style S, No. 9, self-feeding," American Postal Machines Co., is an automatic feed machine?

Mr. BUSHNELL. I do not know the machine by that description, unless that refers to the Stoddard.

Mr. McCoy. Was it for that reason that you assigned a Cummins, because you did not know what the postmaster asked for?

Mr. BUSHNELL. No.

Mr. McCoy. Why did you not give him what he wanted? Look at your memorandum on that case and see if you can not remember why you did not give the postmaster what he asked for.

Mr. BUSHNELL. No; I have nothing.

Mr. McCoy. No memoranda on that?

Mr. BUSHNELL. No; except the bare reference to replacing a Combination.

Mr. McCoy. Now, we have the letter before us from the postmaster out there. Why did you not send him the machine he wanted, if you can remember now?

Mr. BUSHNELL. I have already shown that in a number of instances we did not assign the office the machine that was asked for.

Mr. McCoy. Sure. But you sent him one that you suggested he should have. Now, then, in this particular instance why did you not give the man what he asked for?

Mr. BUSHNELL. It was the judgment of the department that the other would be better.

Mr. McCoy. You assumed that you knew more about his post office than he did?

Mr. BUSHNELL. No.

Mr. McCoy. What do you mean by saying that your judgment about it was better than his?

Mr. BUSHNELL. I considered that I was justified in assigning a Cummins machine.

Mr. McCoy. Oh, I know; but why? You had something in your mind, had you not?

Mr. BUSHNELL. I do not know that I did.

Mr. McCoy. What is that? You do not know whether you did or not?

Mr. BUSHNELL. I do not know that I did.

Mr. McCoy. You have no memorandum with you to show why it was assigned? Do you know anything about that post office at Alliance out there?

Mr. BUSHNELL. No.

Mr. McCoy. Did you at the time know anything about the Alliance post office except that its receipts were so much and its population so much?

Mr. BUSHNELL. No.

Mr. McCoy. Now, that is absolutely all that you knew about that situation, is it? I consider it important to you as well as to the inquiry that you should think now and say absolutely.

Mr. BUSHNELL. I do not recall anything else.

Mr. McCoy. Well, I have the file here with that letter from which I read, and I ask you to take it and look through it and see whether you can find in it any suggestion of other reasons.

Mr. BUSHNELL (after examining). I do not discover anything.

Mr. McCoy. You have looked the file through, have you?

Mr. BRITT. Mr. Bushnell, if at any time you felt that the good of the service required the assignment of a machine different from the one which the postmaster requested, you did not hesitate to assign it!

Mr. BUSHNELL. Not a moment.

Mr. BRITT. Do you not feel that in the majority of instances you would be in a position to know more about the canceling machines than the average postmaster?

Mr. BUSHNELL. What is that?

Mr. BRITT. Please read the question.

(The stenographer repeated the question.)

Mr. BUSHNELL. Yes.

Mr. McCoy. Are you in a position to know more about the needs of a given office than the man who is at the head of it?

Mr. BUSHNELL. Not as to the details of his office, but perhaps as to the character of the equipment that he might use.

Mr. McCoy. This morning you testified that you ascertained from the postmasters about the conditions in their offices before you passed on these matters?

Mr. BUSHNELL. Certainly; to a considerable extent.

Mr. McCoy. To what extent, considerable or inconsiderable, did you make any inquiry as to the conditions in Alliance?

Mr. BUSHNELL. I do not appear to have made any.

Mr. McCoy. So there was one instance, at any rate, where your judgment, as far as conditions are concerned, would not be as good as the postmaster's?

Mr. BUSHNELL. Just the same as in a case that you called my attention to, where we sent a Cummins in place of a Flier.

Mr. McCoy. Yes; but the consideration there was \$30?

Mr. BUSHNELL. Yes.

Mr. McCoy. How did the machine recommended by the postmaster at Alliance compare with the machine you sent him?

Mr. BUSHNELL. Somewhat higher.

Mr. McCoy. How much higher?

Mr. BUSHNELL. The difference between \$270 and \$225.

Mr. McCoy. Was not the difference between \$275 and \$135?

Mr. BUSHNELL. No; \$270, the rent of the Cummins, and he had asked for a machine at \$225.

Mr. McCoy. What machine did he ask for?

Mr. BUSHNELL. Stoddard.

Mr. McCoy. What kind of a Stoddard?

Mr. BUSHNELL. He already had a Stoddard.

Mr. McCoy. He already had a Stoddard?

Mr. BUSHNELL. There is only one Stoddard?

Mr. McCoy. What?

Mr. BUSHNELL. There is only one machine known as the Stoddard.

Mr. McCoy. Did he ask for a Stoddard machine?

Mr. BUSHNELL. I take it from the discussion that he did.

Mr. McCoy. But you do not know? You are sure you have the description in mind? "Model S. No. 9, American Postal Machines Co. self-feeding canceling machine."

Mr. BUSHNELL. There is only one other machine made by the American Postal Machines Co., a higher grade than the one he had *there, and that is the Stoddard.*

Mr. BRITT. Did you understand that description to apply to the Stoddard?

Mr. BUSHNELL. I think that it does.

Mr. McCoy. You think now that it does. What did you think at the time?

Mr. BUSHNELL. I do not remember.

Mr. McCoy. You now think it refers to the Stoddard?

Mr. BUSHNELL. From that description.

Mr. McCoy. I find this memorandum next following the letter which I have read from; we will mark it "Exhibit 326."

The exhibit referred to is as follows:

EXHIBIT No. 326.

MEMORANDUM.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL.

Memo. for S. & A.:

This change is offset by a new "Comb." ordered for Centralia, Wash., and a No. 1 hand for Kent, Ohio. (See other letters.)

E. T. B.

And now, will you tell us what that means?

Mr. BUSHNELL. Well, that has no connection whatever with the assignment of the Cummins machine here. That is merely a memorandum for the Salaries and Allowances Division to account for those machines that the American Co. were assigned, and the letters referred to there would be the letters in the files of that office, showing that the American Co. was requested to furnish the two machines that I have mentioned.

Mr. McCoy. Do you mean—

Mr. BUSHNELL. I mean in lieu of the machine that was taken out of Alliance.

Mr. McCoy. What do you mean by saying, "I see it is offset by"?

Mr. BUSHNELL. That in lieu of the machine taken out, in lieu of the Combination machine taken out of Alliance, another application which had been on file had been approved for the machines mentioned.

Mr. McCoy. Well, what does that language mean?

Mr. BUSHNELL. Simply a memorandum to the division downstairs.

Mr. McCoy. You mean that you intended to notify the division that the Combination and a No. 1 hand power had been assigned to these places, respectively?

Mr. BUSHNELL. That is done frequently to keep track of the changes that are made. That is all it is. A mere office memorandum simply to keep track of the readjustment of machines there.

Mr. McCoy. What do you mean by this "being offset"?

Mr. BUSHNELL. I mean that the machines that were taken out of Alliance belonging to the American Co. and which would go back to the factory ordinarily and be replaced by a Cummins machine—

Mr. McCoy (interposing). Ordinarily?

Mr. BUSHNELL (continuing). Yes. Was offset by the assignment of those two machines of the American Co.

Mr. McCoy. What was the purpose of saying that there was an offset? I suppose there was some purpose about that. I do not suppose there was any mystery about it, but I should like to know what it means. Is that the way you usually notify your subordinates that you have made assignments?

Mr. BUSHNELL. Absolutely no mystery whatever connected with it.

Mr. McCoy. Is it the ordinary language that you use in notifying them about it, to keep a record of those things, that you have assigned those machines?

Mr. BUSHNELL. Frequently.

Mr. McCoy. I do not find another such memorandum.

Mr. BUSHNELL. I do not know why it should appear there. It is merely a scrap of information to the clerk in the Division of Salaries and Allowances to keep track of the readjustment of the machines.

Mr. McCoy. It did not have anything to do with the fact that the American Co. was due to receive so much business under this contract and that you wanted to keep track of what they did receive?

Mr. BUSHNELL. That is what we are endeavoring to do all the time.

Mr. McCoy. Is that what the word "offset" meant?

Mr. BUSHNELL. That could be applied to it very readily. But as it appears there I can not see that it has the slightest significance.

Mr. McCoy. This morning we had up the office at Owensboro, Ky., where there was assigned a fast Cummins. The receipts there are \$52,080; what was the population of Owensboro in 1912?

Mr. BUSHNELL. 16,011; the receipts were \$52,080.

Mr. McCoy. I will read a letter from the postmaster at Owensboro, Ky., dated August 10, 1911, to the First Assistant Postmaster General. This is Exhibit 327.

The letter referred to was read as follows:

EXHIBIT No. 327.

UNITED STATES POST OFFICE,
OWENSBORO, KY., August 10, 1911.

HON. FIRST ASSISTANT POSTMASTER GENERAL,
L. & A. Div., Washington, D. C.

SIR: Our present canceling machine has become more or less worn through constant use and should be replaced by a new one or by one that is in thorough repair. It was furnished by the American Postal Machines Co., and in this connection I am informed that the "International" made in Brooklyn is a far superior machine to the one we have. Some of my clerks have seen it work in other offices and are very anxious to secure one here. It has two special advantages, it does not ink the carrying belt and is a self-feeder.

Is it not possible to give me one of those machines in lieu of the one we have?

Very respectfully.

F. A. VAN RENSSELAER, *Postmaster.*

"Cummins." Transfer Comb. to Independence, Mo.
E. T. B., September 7, 1911.

Mr. McCoy. What machine did that postmaster ask for?

Mr. BUSHNELL. He asked for a new machine of the International type.

Mr. McCoy. Which type or model of the International?

Mr. BUSHNELL. Well, he asked for a faster machine than the one he had.

Mr. McCoy. Which type did you think he asked for?

Mr. BUSHNELL. He does not specify the type.

Mr. McCoy. What did you think he asked for?

Mr. BUSHNELL. The automatic feed machine is understood as the Flier.

Mr. McCoy. That is understood to be a Flier?

Mr. BUSHNELL. We sent him a Cummins instead of a Flier.

Mr. McCoy. To save \$30?

Mr. BUSHNELL. That is right.

Mr. McCoy. Is that the only reason?

Mr. BUSHNELL. The only reason I can recall.

Mr. McCoy. Is there anything in your memorandum that shows anything different?

Mr. BUSHNELL. No; that seemed to be a good reason.

Mr. McCoy. What was it that seemed to be a good reason?

Mr. BUSHNELL. That he asked for a faster machine, and the Cummins machine was \$30 less.

Mr. McCoy. Did you make any special inquiry of this postmaster as to conditions in his office?

Mr. BUSHNELL. No.

Mr. McCoy. So far as you knew, then, the office might need one of these faster Hey-Dolphin machines, is that right?

Mr. BUSHNELL. I did not quite understand.

Mr. McCoy. I say, so far as you knew, the office might need one of the International Hey-Dolphin Fliers?

Mr. BUSHNELL. We sent him a Cummins, which was \$30 less than the Flier.

Mr. McCoy. And just as good?

Mr. BUSHNELL. I think so.

Mr. BRITT. I want to ask a question before I leave that subject. In the assignment of those machines were you governed by the legal requirements of economy and efficiency?

Mr. BUSHNELL. Yes.

Mr. McCoy. And that has been the guide for the office of the First Assistant Postmaster General throughout this whole business, has it not?

Mr. BUSHNELL. Yes.

Dr. GRANDFIELD. And I would like to say it is, also—most emphatically.

Mr. McCoy. You have said it. That is the key by which we can unlock and find out what is in your report of August 31? Is it not a desire to follow the requirements of the post-office service or the requirements of the Post Office Department to follow the law for efficiency and economy; that is the whole consideration?

Mr. BUSHNELL. I think a careful reading of the report will show that the recommendations are along the lines of economy and efficiency.

Mr. BRITT. And the report sets out that those are the conditions under which the assignments are to be made?

Mr. BUSHNELL. Certainly.

Mr. McCoy. That is what governed you in sending the combination away from the Walla Walla office and putting a Cummins in the place of it, is it?

Mr. BUSHNELL. To promote——

Mr. McCoy (interposing). Answer the question, whether economy and efficiency were the controlling motives that guided you in making that change?

Mr. BUSHNELL. Yes, sir; a part of the controlling effort to provide proper equipment for the service.

Mr. McCoy. Now, come back to this Exhibit 327—this Owensboro, Ky., matter. You think that what the postmaster wanted was a Hey-Dolphin Flier of the International Co.?

Mr. BUSHNELL. That is what I believed.

Mr. McCoy. That is what you now believe, or what you then believed?

Mr. BUSHNELL. I do not recall what was in my mind at that time, but evidently that because I put that interpretation on it.

Mr. McCoy. Now, then, what machine was replaced by it?

Mr. BUSHNELL. A combination.

Mr. McCoy. Of what company?

Mr. BUSHNELL. Of the American Postal Machine Co.

Mr. McCoy. Now, I call your attention to the first part of this letter. He says, "Our present canceling machine has become more or less worn through constant use and should be replaced by a new one or one that is in thorough repair." Now, when he said, "Or one that is in thorough repair," he meant a combination that is in thorough repair, did he not?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. When he said, "By a new one," he meant a new combination, did he not?

Mr. BUSHNELL. Evidently.

Mr. McCoy. Now, what considerations of efficiency and economy impelled you to assign a Cummins at \$270 a year as against a combination at \$135.

Mr. BUSHNELL. Mr. McCoy, you can not apply that rule in one particular instance. You have got to take the entire service as a whole, and in the final analysis of all these things I think that can be shown very readily.

Mr. McCoy. We are talking about this one particular instance.

Mr. BUSHNELL. I think it can be shown very readily.

Mr. McCoy. Did you have in your mind at the time this letter came, when you were giving it consideration, all the service of the country?

Mr. BUSHNELL. Certainly.

Mr. McCoy. How could you take it into consideration here in this particular instance? What difference did the condition anywhere else in the United States make?

Mr. BUSHNELL. We have to take the general condition of the assignments of the machines.

Mr. McCoy. What was the condition? A few minutes ago you said you did not take anything else into consideration. Now, then, since Mr. Britt asked you a question you have something else in your mind. I knew what the law was before Mr. Britt suggested it to you. I want you to say what the condition of the assignments

with reference to the contracts was at this time which allowed you to do what you did in this case of the Owensboro (Ky.) office.

Mr. BUSHNELL. I do not know.

Mr. McCoy. If there was anything, would the files show it?

Mr. BUSHNELL. You have the file there.

Mr. McCoy. You looked through the file, did you not?

Mr. BUSHNELL. Yes.

Mr. McCoy. All right, Mr. Bushnell, let us know what the condition of the assignments made under contract was at that time that had anything whatever to do with this case of the Owensboro (Ky.) post office.

Mr. BUSHNELL. I do not know of anything at all at this time.

Mr. McCoy. And do you think it had anything to do with it?

Mr. BUSHNELL. Yes.

Mr. McCoy. Why did you not say so then when I asked you what the considerations were? Answer that question.

Mr. BUSHNELL. The condition of the contract and the number of machines in the service has a bearing upon practically every assignment that is made, but that condition changes from day to day.

Mr. McCoy. I think, if recollection serves me, that I told you it was important to know in this connection all the matters you had in your mind.

Mr. BRITT. The combination was a medium-grade machine?

Mr. McCoy (interposing). Wait a minute, Mr. Britt. Please do not do that. I am sorry. I usually would be glad to have you ask a question of an ordinary witness to illuminate the subject, as you always do; but with this particular witness I shall have respectfully to ask you not to do it, because it makes more trouble for me and makes the witness change his testimony, which ought to be distasteful to you.

Mr. BRITT. Mr. McCoy, when I think a question would be illuminating and that it would be more pertinent at that time than at any other time, I shall feel that I ought to ask it, and I shall attempt to ask it; but if you do not allow me your refusal will be on record. I interrupt you as rarely as possible.

Mr. McCoy. I know; you are very good about that sort of thing.

I think it was in regard to this particular matter that I told the witness to try to remember everything, and now he did not remember that requirement, which I would suppose, of course, he had in his mind, and I took it for granted that it did not influence him in this particular case. I can understand how a condition such as that referred to might cause other assignments, but he did not say that.

Mr. BUSHNELL. But this condition has not been developed there. There was a medium-grade machine—

Mr. McCoy (interposing). Which was?

Mr. BUSHNELL (continuing). The Combination was a medium-grade machine. It had been there a long time and on the post-master's own statement it was out of order and ready for repair. This was a growing town.

Mr. McCoy. I do not know anything about Owensboro, Ky., and the witness did not say that this was one of the growing towns.

Mr. BUSHNELL. There is hardly an American town of any importance that is not a growing town.

Mr. McCoy. There are very few towns in the United States that are not growing, and therefore I think a statement that a town is steadily increasing is a very foolish statement to make, because the census shows that perhaps only one in ten thousand fall behind.

The witness stated early to-day, laying down his premises of consideration in his assignment of machines, that the receipts of a town were a consideration.

Mr. BRITT. They are an important consideration, in my judgment, and it would be a controlling consideration, other things considered, if this is a growing town. Its postal receipts are growing; if the town was growing and the postal receipts growing, and the medium-grade machine had become outworn, I think that is a material consideration.

Mr. McCoy. I think so, too, perhaps; but I will ask the witness—and I want to say that if that is a thing that enters into the matter there ought to be a memorandum of it to that effect, showing that this town was so big at one time, and it is so big now; that the postal receipts were so big at one time and so big now.

Now, then, what kind of a town is Owensboro, Ky.? [No response.] Well, all right, Mr. Bushnell. We will consider that although the man out there wanted a machine to cost him \$135 a year, and said he would be satisfied with it, and although you do not know what kind of a machine he ordered, assume that he ordered a fast International there, a Hey-Dolphin Flier, and although the Combination machine that he asked for would cost \$135 and a Cummins \$270 and the International \$300, you decided that in view of the law, considering all the United States in the assignment of machines that he had better have one of these Cummins machines. Is that about the way you want me to take what you have testified? I am a little raw about it, but you can revise it.

Mr. BUSHNELL. You have expressed it in your way.

Mr. McCoy. Yes; it is expressed in my crude, inapt way, which you would improve on in your method of testifying if you were summarizing it.

Mr. BUSHNELL. I think I made the statement that I believed the department was justified in sending a Cummins machine.

Mr. McCoy. I say the department justifies itself on the consideration of conditions, does it not?

Mr. BUSHNELL. As a whole; yes.

Mr. McCoy. As a whole. Have I fairly outlined them, as a whole, in what I have just said, or have I been unfair?

Mr. BUSHNELL. I could not add to the statement I have just made, that I believe it was justified. I believe we would be justified in sending fast machines to any first-class office. They are a time-saver, save clerk hire, and save time in every way. It is not only a matter of expense. If we ever get the price of first-class machines down to what the intermediate machines are costing, we would certainly be justified in sending them to very much smaller offices than we can assign them to now. The department could not enter upon a policy of more advantage than to put devices into post offices to the very fullest extent. The Senate committee some years ago criticized the department because it had not made use of labor-saving devices to the extent the committee thought they ought to do.

Mr. McCoy. What committee was that?

Mr. BUSHNELL. The committee authorized by the Senate a few years ago.

Mr. McCoy. How long ago was that?

Mr. BUSHNELL. Well, five or six years ago.

Mr. BRITT. They made a thorough investigation of the Post Office Department?

Mr. BUSHNELL. Yes, sir.

Mr. BRITT. And the weight of this report was the encouragement and use of labor-saving devices?

Mr. BUSHNELL. Yes, sir.

Mr. McCoy. The report of this commission in substance recommended a reorganization of the Post Office Department from top to bottom, did it not?

Dr. GRANDFIELD. It recommended——

Mr. McCoy (interposing). Wait a minute, Dr. Grandfield; I am asking Mr. Bushnell.

Mr. BUSHNELL. They recommended a good many changes in the department, and that was one of the special features.

Dr. GRANDFIELD. They recommended that the officers of the department make a special study of the labor-saving devices in the Chicago post office.

Mr. McCoy. After they read this record I think they will probably want to make some changes in the Chicago post office. They did not know at that time that the post-office employees out there were patenting devices and selling them.

Dr. GRANDFIELD. If you would visit the Chicago post office you would change your opinion.

Mr. McCoy. I am not thinking of going to Chicago for some time.

Dr. GRANDFIELD. You would get a better idea of the Chicago post office if you would read a testimonial by Mr. Lloyd of the House Committee on Post Offices and Post Roads on the Chicago post office.

Mr. McCoy. We will put that in, and then we will send him a copy of these hearings and ask him if he wants to revise his opinion.

Mr. BRITT. We do not want to discourage inventive genius in any postal employees in any way. We want to encourage it.

Mr. McCoy. Now, Mr. Bushnell, enumerate briefly what was in your mind at the time when you assigned the Cummins machine to the Owensboro, Ky., post office.

Mr. BUSHNELL. I do not know.

Mr. McCoy. Did you have anything in your mind at that time?

Mr. BUSHNELL. I do not know. I acted upon that letter and made that judgment. I could not tell at this time what was in my mind on that date.

Mr. McCoy. Did you take into consideration the number of machines under contract and the number that had been assigned of these fast machines?

Mr. BUSHNELL. I have already stated that in the assignment of machines generally I have had information before me——

Mr. McCoy. Would you make use of it?

Mr. BUSHNELL. Certainly. I would make use of it.

Mr. McCoy. I am glad there is one thing certain about it. You take into consideration the number that are under contract and the number that have been assigned for what purposes?

Mr. BUSHNELL. You have to take it into consideration to avoid exceeding the appropriation.

Mr. McCoy. Of course, you understand that I am talking only about fast machines?

Mr. BUSHNELL. Well, I have already stated that a rule can not be laid down in reference to one class of machines. The whole problem must be taken into consideration in order to make use of the machines that are of lower grade that are displaced by the faster machines, otherwise our appropriation would not enable us to assign machines of any kind to offices having city delivery and in other places where they are greatly needed. It is the small machines that we have to make use of, and we can add to the number of smaller machines much faster than the larger because it takes two of them to equal the price of a large machine.

Mr. McCoy. Well, you have this memorandum at the bottom of it, on Exhibit 327.

Mr. McCoy. The next letter I find in the file is dated September 12, 1911, to the American Postal Machines Co., of Boston, Mass., from the First Assistant Postmaster General. We will mark it "Exhibit 328."

The letter referred to is as follows:

EXHIBIT No. 328.

SEPTEMBER 12, 1911.

THE AMERICAN POSTAL MACHINES COMPANY,

Boston, Massachusetts.

GENTLEMEN: Owing to a reassignment of canceling machines the use of the "Combination" machine now in the post office of Owensboro, Kentucky, will be discontinued, and the postmaster has been instructed to return it to your factory by freight on Government bill of lading No. A-3132. You will be advised later in regard to the rental.

Respectfully,

(Signed) E. T. BUSHNELL,

Acting First Assistant Postmaster General.

JRT.

Mr. McCoy. Now, your memorandum on the letter from the postmaster is, "Transfer Combination to Independence, Mo." Why did you send the machine back from the Owensboro office to the American Postal Machine Co. instead of transferring it?

Mr. BUSHNELL. Because Mr. Stoddard has requested over and over again that, instead of transferring a machine from one office to another after it has been worn out or is badly in need of repair, to send it to the factory and a new one is sent to that office. That does not interfere in the least with the memorandum there. If the clerk had followed it out as the memorandum was made a new machine would be sent to Independence, Mo., and that correspondence would be in the Independence file.

Mr. McCoy. Do you know whether one was sent?

Mr. BUSHNELL. I would have to look. If it was not, then it is the fault of the clerks in charge of that work.

Mr. McCoy. How big a town is Independence, Mo.?

Mr. BUSHNELL. Twenty-two thousand.

Mr. McCoy. How much?

Mr. BUSHNELL. No; the population was 9,859 in 1910.

Mr. McCoy. What was the population of Owensboro, Ky.?

Mr. BUSHNELL. Sixteen thousand.

Mr. McCoy. And what were the postal receipts at Independence, Mo.?

Mr. BUSHNELL. They were \$22,498; but there is a Federal building there, which would be a consideration in assigning a machine. We would put a power machine into an office of that size because of that feature—because of the Federal building being there.

Mr. McCoy. Why did a month elapse between the request from the postmaster and the notice to the American Machine Co. that the machine should be returned?

Mr. BUSHNELL. I do not know.

Mr. McCoy. What kind of a machine is there at Pontiac, Mich.? I find there is a Cummins fast machine, and the postal receipts are \$46,265.

Mr. BUSHNELL. They also have a Government-owned machine there.

Mr. McCoy. They have what?

Mr. BUSHNELL. A Government-owned machine at that place.

Mr. McCoy. I will insert in the record here a letter dated May 19, 1910, addressed to the First Assistant Postmaster General, signed by the American Postal Machines Co., of Boston, and mark it "Exhibit 329."

The letter referred to is as follows:

EXHIBIT No. 329.

Dictated by T. G. S.

J. George Cooper, President.

[The American Postal Machines Co., P. O. Address, 149 Pearl Street. Telephone, Fort Hill, 515. Incorporated December 23, 1885.]

Postmarking and Stamp-Canceling Machines for Post Offices.

BOSTON, MASS., May 19, 1910.

HON. FIRST ASSISTANT POSTMASTER GENERAL,
DIVISION OF SALARIES AND ALLOWANCES,
Washington, D. C.

SIR: Referring to yours of the 16th instant (CS), we have to inform you that, under date of April 21 (HSW), we received instructions from the department to replace the American drop-feed machine at Pontiac, Mich., with one of our Combination machines, bill of lading #A1533 being provided for that purpose. This order was complied with and the machine installed, as directed, on the 9th instant, and report of the installation made to the department on the 11th instant.

Kindly inform us what action to take.

Very respectfully,

THE AMERICAN POSTAL MACHINES CO.

AMS

(Stamped:) First Assistant Postmaster General, Division of Salaries and Allowances. Received May 20, 1910.)

Mr. McCoy. We will insert in the record here a letter dated April 21, 1910, to the American Postal Machines Co., of Boston, Mass., not signed, but having on it "First Assistant Postmaster General." and will mark it "Exhibit 330."

The letter referred to is as follows:

EXHIBIT No. 330.

APRIL 21, 1910.

The AMERICAN POSTAL MACHINES Co., Boston, Mass.

GENTLEMEN: Please furnish as soon as possible an American Combination canceling machine to replace the American drop-feed machine now assigned to

the post office at Pontiac, Mich. It is desired that shipment of the new machine be made by express, under B/L A-1531 herewith. The old machine will be returned by freight under B/L A-1533.

A 3-3/16" pulley for the motor to operate the new Combination machine will be supplied by this bureau.

Respectfully,

First Assistant Postmaster General.

HSB

Mr. McCoy. I will insert in the record here a letter dated May 16, 1910, directed to the American Postal Machines Co., signed by C. P. Grandfield, First Assistant Postmaster General, and mark it "Exhibit 331."

The letter referred to is as follows:

EXHIBIT No. 331.

In replying mention initials and date. C. S.
Division of Salaries and Allowances.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL.

Washington, May 16, 1910.

AMERICAN POSTAL MACHINES Co., Boston, Mass.

GENTLEMEN: You are requested to furnish the postmaster at Pontiac, Mich., with one American Combination canceling machine to replace the American drop-feed machine now being used at his office. It is desired that shipment be made by express under Government bill of lading A-1585 herewith.

Respectfully,

C. P. GRANDFIELD,
First Assistant Postmaster General.
G. L. W.

HSB-M

Inclosure.
Canceled.
File.

Mr. McCoy. I will insert in the record here a letter dated July 9, 1910, addressed to Hon. S. W. Smith, Washington, D. C., from George A. Brown, postmaster at Pontiac, Mich.

The letter referred to is as follows:

EXHIBIT No. 332.

UNITED STATES POST OFFICE,
Pontiac, Mich., July 9, 1910.

HON. SAMUEL W. SMITH, Washington, D. C.

KIND FRIEND: I desire to call your attention to our American Combination postal machine given us lately in place of American Combination postal machine, drop feed; the first mentioned was installed because it was a newer machine and was supposed to do away with the noise and run faster and accomplish work the other could not. After its installation and after using the same for a few weeks we find that the same is sadly deficient and makes so much noise that it is almost impossible to transact any business while it is being used. It does not do good work and has not the speed to do what is required of it. What we need very much is the American Combination postal machine improved and the increase in business makes it very difficult to get along with this machine, which has outlived its usefulness in some other office. If you will be so kind as to call the attention of the department to the condition of the machine and, by the way, we are about to change to an alternating current which necessitates a new motor. I have written the department asking for a new motor to be sent as soon as possible. I fear we will be entirely out of power any day and will have to resort to handwork. If we must keep this machine it can only be operated by having a new motor.

Thanking you for your kindness, I remain,

Sincerely, yours,

GEO. A. BROWN, *Postmaster.*

Mr. McCoy. I will insert in the record here a letter dated July 19, 1910, addressed to Hon. Charles P. Grandfield, signed by S. W. Smith, which has on it a double cross, and mark it "Exhibit 333."

The letter referred to is as follows:

EXHIBIT No. 333.

Sixty-first Congress.

Samuel W. Smith, Mich., chairman.

Lewis M. Miller, clerk.

COMMITTEE ON THE DISTRICT OF COLUMBIA,
HOUSE OF REPRESENTATIVES, U. S..
Washington, D. C., July 15, 1910.

Hon. C. P. GRANDFIELD.

Post Office Department, Washington, D. C.

DEAR MR. GRANDFIELD: After talking with you yesterday, the 12th, I received the inclosed letter from Postmaster George A. Brown, of Pontiac, Mich. I have written him of your kindly interest to-day, and I would like to further call your attention to something I did omit in talking with you, and that is the necessity for a new motor as explained by Mr. Brown. I will be obliged if you can see your way clear in connection with the new machine which you have ordered.

Very truly, yours,

S. W. SMITH.

(Stamped:) Division of Salaries and Allowances. Received July 14, 1910.
Superintendent.

(Stamped:) First Assistant Postmaster General. Received July 14, 1910.

Mr. McCoy. I will insert in the record here a letter dated July 15, 1910, addressed to Hon. Samuel W. Smith, House of Representatives, signed by C. P. Grandfield, First Assistant Postmaster General, and mark it "Exhibit 334."

The letter referred to is as follows:

EXHIBIT No. 334.

JULY 15, 1910.

Hon. S. W. SMITH, House of Representatives.

MY DEAR SIR: In reply to your letter of the 13th instant, I beg leave to inform you that the postmaster at Pontiac, Mich., has been called upon to furnish certain details concerning the alternating current which will soon be available at his office. As soon as the necessary information is at hand a suitable motor will be supplied. In the meantime a fast canceling machine (the "Cummins") has been ordered shipped to that office, and the motor which the postmaster now has can be used for its operation, provided the current is still "direct" at the time of its receipt.

Respectfully,

(Signed) C. P. GRANDFIELD,
First Assistant Postmaster General.

JWS.

Mr. McCoy. I will insert in the record here a letter dated July 15, 1910, addressed to the Postmaster at Pontiac, Mich., and mark it "Exhibit 335."

The letter referred to is as follows:

EXHIBIT No. 335.

In replying mention initials and date.

POST OFFICE DEPARTMENT,
FIRST ASSISTANT POSTMASTER GENERAL,
DIVISION OF SALARIES AND ALLOWANCES,
Washington, July 15, 1910.

POSTMASTER, Pontiac, Mich.

SIR: With reference to your letter of ———, you are informed that the Time Marking Machine Co., Ravenswood Station, Chicago, Ill., has been ordered to

send you by express a Cummins canceling machine on Government bill of lading No. A-1781.

When this machine is installed, you are directed to crate the combination machine and forward it by freight on Government bill of lading No. A-1782 herewith to American Postal Machines Co., Boston, Mass. All tools and type belonging to this machine, which is to be returned, to be forwarded to the company in a separate package, by registered mail, free, to avoid loss.

Pay no freight or express charges on the shipment, but observe carefully the instructions on the back of the bill of lading and in the Postmaster General's order No. 1545, dated July 1, 1908, as published on page 68 of the list of postal supplies furnished by the Fourth Assistant Postmaster General.

Report the date upon which the combination canceling machine is discontinued and the date of the installation of the Cummins machine, so that the allowances for rental may be adjusted.

Observe carefully the paragraphs below numbered 1 and 6, and see that the instructions therein contained are complied with. Disregard the others.

Respectfully,

First Assistant Postmaster General.

(Inclosures.)

1. The new machine will be operated by the motor which you now have.
2. A — — — h. p. — — — volt, — — — cycle, — — — r. p. m. motor will be sent you from the department to operate the new machine.
3. A — — — h. p. — — — volt, — — — cycle, — — — r. p. m. motor will be sent you by — — — to operate the new machine.
4. Wrap the motor you have been using in heavy paper and pack it in excelsior or scrap twine (sawdust is not to be used under any circumstances) to avoid risk of breakage in transit. Ship it to this bureau, Division of Salaries and Allowances, Post Office Department Annex, Washington, D. C.
5. Pack rheostat carefully and forward it by ordinary mail to the address given in preceding paragraph.
6. Copies of Form 1414 for reporting drayage charges on freight shipments in your city are inclosed. No drayage charges on express shipments will be allowed. Please have them made out in triplicate and return to this office for allowance.

Mr. McCoy. Did you say what machine was in the Pontiac office?

Mr. BUSHNELL. There is a Cummins machine there now.

Mr. McCoy. When was it assigned?

Mr. BUSHNELL. What?

Mr. McCoy. When was it assigned?

Mr. BUSHNELL. I do not know.

Mr. McCoy. According to the records furnished us, it was assigned July 22, 1910.

Mr. BUSHNELL. Yes; that is right. That was the date it was installed.

Mr. McCoy. Installed July 22, 1910. Are all these dates that you have been giving me dates of installation instead of dates of assignment?

Mr. BUSHNELL. No; these are the dates of assignment, but there is apparently some part of that file missing. My secretary called my attention to it.

Mr. McCoy. July 15, 1910, is the date it was assigned, and that letter, Exhibit 335, is a copy of the letter addressed to the postmaster at Pontiac, Mich.

Thereupon, at 5 o'clock p. m., the committee adjourned to 10 o'clock a. m. Wednesday, January 8, 1913.

SUBCOMMITTEE OF THE COMMITTEE ON
EXPENDITURES IN THE POST OFFICE DEPARTMENT,
HOUSE OF REPRESENTATIVES,
Wednesday, January 8, 1913.

The subcommittee was called to order at 10 a. m., Representative Walter I. McCoy presiding.

STATEMENT OF MR. BENJAMIN F. CUMMINS.

The witness was duly sworn.

Mr. McCoy. Mr. Cummins, you live in Chicago?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. What is your connection, if any, with the Time Marking Machine Co.?

Mr. CUMMINS. I am general manager of the operating end of it.

Mr. McCoy. The operating end is what part of it?

Mr. CUMMINS. The building and operating of machines of the Time Marking Machine Co.

Mr. McCoy. Who are the officers of the Time Marking Machine Co.?

Mr. CUMMINS. Mr. Edward Ridgley is president; Mr. Sam T. Jenkins, secretary and treasurer.

Mr. McCoy. And where do they live?

Mr. CUMMINS. In Chicago.

Mr. McCoy. Are they the only officers?

Mr. CUMMINS. The only ones I know of.

Mr. McCoy. Who are the directors?

Mr. CUMMINS. I do not know.

Mr. McCoy. Who are the stockholders, so far as you know them?

Mr. CUMMINS. I do not know, except that Mr. Reuben H. Donnelly is a stockholder.

Mr. McCoy. And who is Mr. Donnelly? Where does he live?

Mr. CUMMINS. He lives in Chicago.

Mr. McCoy. What is the business of the Time Marking Machine Co? Not its authorized business, but what is its business actually carried on?

Mr. CUMMINS. The renting of canceling machines for post offices.

Mr. McCoy. The manufacture and rental?

Mr. CUMMINS. It is not manufacturing any now.

Mr. McCoy. Machines which it owns the patents of, or the patents on which it controls, are being manufactured, are they?

Mr. CUMMINS. No, sir; there are no machines being made now or very recently.

Mr. McCoy. Does the Time Marking Machine Co. own patents on canceling machines?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. And has it parted with its right to manufacture in any way?

Mr. CUMMINS. Not that I know of.

Mr. McCoy. Do you mean that the business is at a standstill?

Mr. CUMMINS. In that respect, so far as I know, it is. They are not making any new machines.

Mr. McCoy. Why is that?

Mr. CUMMINS. I do not know. I have no interest in the Time Marking Machine Co., and I have no access or communication with the financial end of it. I only operate the machines that have been built.

Mr. McCoy. But it has ceased making machines?

Mr. CUMMINS. It did cease some time ago.

Mr. McCoy. Was that because it did not have any more orders, or has it gone out of business?

Mr. CUMMINS. It has not gone out of business.

Mr. McCoy. Then why did it stop making machines?

Mr. CUMMINS. I do not think I can properly answer; I don't know.

Mr. McCoy. What is it you are manager of?

Mr. CUMMINS. I have charge of the operation of the machines that are rented—131 of them.

Mr. McCoy. Is the Time Marking Machine Co. offering any of its product to anybody?

Mr. CUMMINS. It recently put in a bid to rent a certain number of machines.

Mr. McCoy. Who had charge of putting in that bid?

Mr. CUMMINS. I did.

Mr. McCoy. What was the purpose of putting it in?

Mr. CUMMINS. Trying to rent the machines.

Mr. McCoy. Rent such machines that were already made or machines which it expected to make?

Mr. CUMMINS. That were already made.

Mr. McCoy. It had no intention of making any new machines to comply with any award it might receive on the bids?

Mr. CUMMINS. I think it was considered they would not have to build any new machines. I think their proposal did not cover more than they had.

Mr. McCoy. That is, it did not cover a larger number than were already in the service?

Mr. CUMMINS. That is my recollection.

Mr. McCoy. And there was no intention, in making the bid, of furnishing any new machines, but simply offering to continue the machines in service that were already there?

Mr. CUMMINS. That is substantially it.

Mr. McCoy. You refer to the bidding of March 20, 1912?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. Then, so far as you know, the Time Marking Machine Co. or yourself, who are responsible for its management, have no intention of building any new machine?

Mr. CUMMINS. That is as I understand.

Mr. McCoy. What models or types of machines are used in the service now?

Mr. CUMMINS. Well, there are several what we call models, different models, all of the same general type.

Mr. McCoy. Are those of the Time Marking Machine Co.?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. What are the models? Or what distinguishes one machine from another?

Mr. CUMMINS. Well, certain improvements have been made in the last few years. Some machines have been built of each class,

and different marks have been put on by us to designate the different kinds of models.

Mr. McCoy. Are all the machines of the Time Marking Machine Co. which are now in the Government service known as the Cummins machine?

Mr. CUMMINS. I think so.

Mr. McCoy. And the differences are not substantial, except some of the other machines put in later may have had some improvements made on them?

Mr. CUMMINS. That is right.

Mr. McCoy. What is your connection with the B. F. Cummins Co.?

Mr. CUMMINS. I am president of the company.

Mr. McCoy. And what is the actual business of your company?

Mr. CUMMINS. The principal business of the B. F. Cummins Co. is the manufacture of perforating machines, and, in addition to perforating machines, devices and stamps; and we manufacture canceling machines for post offices, pickup tables, and vertical newspaper cases.

Mr. McCoy. Who are the other officers of the B. F. Cummins Co.?

Mr. CUMMINS. Frank G. Murray.

Mr. McCoy. What is his office?

Mr. CUMMINS. Secretary and treasurer.

Mr. McCoy. You said you were president?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. And those are all the officers?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. Does Mr. Murray live in Chicago?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. Who are the directors of the company?

Mr. CUMMINS. The same men, with the addition of Charles C. Murray.

Mr. McCoy. Who are the stockholders?

Mr. CUMMINS. The same three men.

Mr. McCoy. No others?

Mr. CUMMINS. No others.

Mr. McCoy. What are the contract relations, if there are any, between the Time Marking Machine Co. and the B. F. Cummins Co.?

Mr. CUMMINS. The B. F. Cummins Co. has contracted to keep running the Time Marking machines that are in the service.

Mr. McCoy. Is that the full scope of the contract?

Mr. CUMMINS. To the best of my knowledge.

Mr. BRITT. What do you mean by keep running?

Mr. CUMMINS. Keep in order; keep in service.

Mr. McCoy. Has it any contract for making the so-called Cummins machine with the Time Marking Machine Co.?

Mr. CUMMINS. I think there is a provision in the contract that if any should be needed that they would make them for them.

Mr. McCoy. Is the B. F. Cummins Co. a lessee under any patents belonging to the Time Marking Machine Co.?

Mr. CUMMINS. No, sir.

Mr. McCoy. Is it assignee of any patents that formerly belonged to the Time Marking Machine Co.?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. What patents?

Mr. CUMMINS. To the best of my recollection one only; it is the patent known as the Gasman and Lynch patent.

Mr. McCoy. On what is known as the pick-up table?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. Are there any patents on the Time Marking Machine Co. Cummins machine?

Mr. CUMMINS. Yes, sir; I think so.

Mr. McCoy. Has the B. F. Cummins Co. any rights under those patents?

Mr. CUMMINS. No, sir.

Mr. McCoy. Have you with you a copy of the contract—in fact, all contracts between the Time Marking Machine Co. and the Cummins Co.?

Mr. CUMMINS. I have not.

Mr. McCoy. Will you send us those when you go back to Chicago, with a letter stating that they are copies of all the contracts that exist?

Mr. CUMMINS. Why, I think I would like to ask for a ruling by the committee on that. It does not seem to me I ought to do that.

Mr. McCoy. I am the committee, Mr. Cummins, and I ask for it; so I presume that is a ruling.

Mr. CUMMINS. It covers some things that, it seems to me, have nothing to do with any investigation.

Mr. McCoy. Of course I do not know that and can not tell that without seeing them. I have no desire whatever to put into a public record anything that has not to do with public matters simply to satisfy any idle curiosity about your contracts, but I would really like to have them.

Mr. CUMMINS. If a compromise were possible, I would like to send them to you personally, and then if you think best to put them in why it can be left to your judgment.

Mr. McCoy. Very well. I will not put them in without notifying you what part I consider material to the inquiry.

Mr. CUMMINS. I would like to have that written out, so that I may be sure when I get that I know just what you want.

Mr. McCoy. In brief, it is all contracts between the Time Marking Machine Co. and the B. F. Cummins Co. If my memory serves me rightly, Mr. Hinman testified that somebody living in or near Pittsburgh, Pa., was a stockholder, as he was informed, in one of these two companies?

Mr. CUMMINS. Charles C. Murray.

Mr. McCoy. That is the man?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. What is the connection, if any, between the Time Marking Machine Co. and the Assets Realization Co.?

Mr. CUMMINS. I suppose that three-fourths of the stock of the Time Marking Machine Co. is owned by individuals in the way corporations own such things; I think they control three-fourths of the stock.

Mr. McCoy. Who are the officers of the Assets Realization Co.?

Mr. CUMMINS. I do not know.

Mr. McCoy. Is Mr. Ridgley an officer?

Mr. CUMMINS. He is one of the vice presidents.

Mr. McCoy. I have in my hand what purports to be a letter headed the Assets Realization Co., and I find the letter written on it is dated April 4, 1910. It gives Mr. George E. Shaw as president. Do you know whether he is now connected with the company?

Mr. CUMMINS. I do not.

Mr. McCoy. Ira M. Cobe, vice president.

Mr. CUMMINS. He is still connected with the company, I think.

Mr. McCoy. J. W. McKinnon?

Mr. CUMMINS. I think he is.

Mr. McCoy. Edward E. Gore.

Mr. CUMMINS. No; I think he left.

Mr. McCoy. Theodore Frothingham.

Mr. CUMMINS. I do not know him.

Mr. McCoy. Charles R. Moore.

Mr. CUMMINS. I think he is still connected.

Mr. McCoy. William S. Hood.

Mr. CUMMINS. I do not know him.

Mr. McCoy. Stanley W. Swavey.

Mr. CUMMINS. I do not know him.

Mr. McCoy. R. S. Knox.

Mr. CUMMINS. I do not know him.

Mr. McCoy. Do you happen to know whether Theodore Frothingham is an attorney practicing in New York?

Mr. CUMMINS. I do not.

Mr. McCoy. This letter which I have mentioned is a letter of introduction which you sent to Dr. Grandfield introducing Mr. Edward Ridgley, president of the Assets Realization Co.

Mr. CUMMINS. No; not the president of the Assets Realization Co.

Mr. McCoy. No; I beg your pardon. That is right. President of the Time Marking Machine Co.?

Mr. CUMMINS. Yes.

Mr. McCoy. And vice president of the Assets Realization Co.?

Mr. CUMMINS. Yes.

Mr. McCoy. Which, you say, is "financially back of our company." "Our company"—did that mean the Time Marking Machine Co.?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. The letter is dated April 4, 1910. What is the meaning of the phrase "Which company is financially back of our company"?

Mr. CUMMINS. I was speaking of the Time Marking Machine Co. as our company, and the Assets Realization Co. as the owners of it or financially back of it.

Mr. McCoy. How did the Assets Realization Co. acquire the stock interest in the Time Marking Machine Co.?

Mr. CUMMINS. It was turned over to them indirectly by me, which I had previously pledged as collateral.

Mr. McCoy. To the bank at Ravenswood?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. The bank failed?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. The assets were sold out and bought in by the Assets Realization Co.?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. And the stock was pledged to the Ravenswood bank?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. As security for a loan made by the bank to the Time Marking Machine Co.?

Mr. CUMMINS. No, sir.

Mr. McCoy. For securing what loan?

Mr. CUMMINS. My personal loan.

Mr. McCoy. The Assets Realization Co., then, does not have any interest, by way of stock interest or otherwise, in the B. F. Cummins Co.?

Mr. CUMMINS. No, sir.

Mr. McCoy. Did you, Mr. Cummins, ever have any talk with Mr. Stoddard, of the American Postal Machines Co., in regard to selling out to him, or his company, the business of the Time Marking Machine Co.?

Mr. CUMMINS. I think so. Yes, I am sure I did.

Mr. McCoy. When was that?

Mr. CUMMINS. I should say at different times, possibly, but in 1907 was one time, I think; very likely it came up before.

Mr. McCoy. Did you ever have any such conversation with him with regard to selling out the business of the B. F. Cummins Co.? Do you know Mr. Tangeman who was connected with the International Postal Supply Co.?

Mr. CUMMINS. I met him.

Mr. McCoy. Did you ever have any conversation with him in regard to selling out the business of the Time Marking Machine Co.?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. Have you any conversation with him or correspondence about selling out the business of the B. F. Cummins Co.?

Mr. CUMMINS. No; not of selling out. I talked with him about putting money into it—putting money in with me.

Mr. McCoy. Consolidating the business of the International Co. and the business of the B. F. Cummins Co.?

Mr. CUMMINS. I think not. My negotiation or talk with him was on the line—rather, going into partnership with me, or putting money into the B. F. Cummins Co., possibly to include the Time Marking Machine Co., but not to have the matter include the International Co.

Mr. McCoy. Was Mr. Tangeman at that time officially connected with the International Postal Supply Co.?

Mr. CUMMINS. I think the last time I saw him he did not know whether he was or not.

Mr. McCoy. At the time of any of these conversations was he officially connected with the International?

Mr. CUMMINS. He told me he had been vice president and he resigned, and he did not know whether his resignation was accepted or not.

Mr. McCoy. Was that prior to or at the time of your first conversation with him?

Mr. CUMMINS. About the same time. I only saw him once or twice, a few days apart.

Mr. McCoy. About when was it when you saw him?

Mr. CUMMINS. I think in 1910. I have nothing that will fix it accurately in my mind now, but I think it was about that time.

Mr. McCoy. Can you give me an idea of the time it was?

Mr. CUMMINS. It was in the summer. They were playing golf; it was warm enough to play golf.

Mr. McCoy. It is never too warm or too cold to play golf.

Mr. CUMMINS. It would be for him.

Mr. McCoy. Did you not see him once at the Waldorf-Astoria in New York City?

Mr. CUMMINS. More than once.

Mr. McCoy. What was the topic of the conversations on those occasions?

Mr. CUMMINS. It was along the lines I have gone over. I was soliciting him to invest money with me, as I called it, to put it in the B. F. Cummins Co.

Mr. McCoy. Did you talk with him on any of those occasions about Government contracts which the B. F. Cummins Co. had?

Mr. CUMMINS. I imagine more about what I hoped to get.

Mr. McCoy. And what did you tell him you hoped to get?

Mr. CUMMINS. I talked with him quite a good deal, I remember, about the pick-up table business—more than the canceling machine business, I think.

Mr. McCoy. Did you discuss with him the question of the four-year contract which the Government, I think at that time, was contemplating?

Mr. CUMMINS. Yes, sir; I did.

Mr. McCoy. About the possibility of getting an exclusive contract for all the machines which the Government was to use?

Mr. CUMMINS. I am sure I talked about that.

Mr. McCoy. Do you know a man by the name of Lynch in the Chicago post office?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. What is Mr. Lynch's position in the Chicago post office?

Mr. CUMMINS. I think he is an assistant superintendent of mails.

Mr. McCoy. Do you know Mr. Galbraith in that office?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. What is his position?

Mr. CUMMINS. Superintendent of mails.

Mr. McCoy. Do you know Mr. Gasman?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. And his position is what?

Mr. CUMMINS. Assistant superintendent of mails.

Mr. McCoy. Do you know Mr. Madigan?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. And what is his position?

Mr. CUMMINS. He is a head machinist.

Mr. McCoy. Do they have a machine shop in or connected with the Chicago post office?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. What do they do in that shop?

Mr. CUMMINS. Repair the machinery in the post office, I think.

Mr. McCoy. Canceling machines and pick-up tables?

Mr. CUMMINS. Yes, sir. I do not know about canceling machines.

Mr. McCoy. How about pick-up tables?

Mr. CUMMINS. Very likely they repair those, if they need repairing.

Mr. McCoy. Do they make any experiments in the machine shop there?

Mr. CUMMINS. Along what lines?

Mr. McCoy. In the way of invention.

Mr. CUMMINS. Of canceling machines?

Mr. McCoy. Anything.

Mr. CUMMINS. I think they do.

Mr. McCoy. In the way of canceling machines?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. In the way of pick-up tables?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. In the way of distributing devices?

Mr. CUMMINS. Meaning the vertical newspaper cases?

Mr. McCoy. Yes, I believe that is it.

Mr. CUMMINS. There is a distributing case. So far as I know, they have not; but in the vertical case, yes.

Mr. McCoy. Vertical what?

Mr. CUMMINS. Vertical newspaper cases.

Mr. McCoy. Is the B. F. Cummins Co. the assignee of inventions, whether patented or not, of any of these four men whose names I have mentioned?

Mr. CUMMINS. It is the assignee of everybody, I think, you mentioned, except Galbraith. Gasman, Lynch——

Mr. McCoy (Interposing). And Madigan?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. But not Galbraith?

Mr. CUMMINS. No, sir; not Galbraith. Let me think a minute. I do not think Madigan assigned one invention to the Time Marking Machine Co.

Mr. McCoy. I do not know, myself.

Mr. CUMMINS. I have to think, and there has been a good many of them. I do not recall any assignment of the inventions of Madigan.

Mr. McCoy. Nor any of Galbraith?

Mr. CUMMINS. No, sir.

Mr. McCoy. Well, has either Madigan or Galbraith assigned any invention, patented or otherwise, to the Time Marking Machine Co.?

Mr. CUMMINS. No other than the one. I remember one patent of an extension stacker that Madigan assigned to the Time Marking Machine Co. several years ago.

Mr. McCoy. Now, has any other man or employee in the Chicago post office assigned any invention, patented or unpatented, to either the Time Marking Machine Co. or the B. F. Cummins Co.?

Mr. CUMMINS. There is one man, Rehak, who is now in our employment——

Mr. McCoy. Employment of the B. F. Cummins Co.?

Mr. CUMMINS. Yes; formerly in the service.

Mr. McCoy. When did he go into the service of the B. F. Cummins Co.?

Mr. CUMMINS. About two and a half years ago.

Mr. McCoy. And he has assigned, you say, at some time one or more patents to the B. F. Cummins Co.?

Mr. CUMMINS. He made an improvement in the time-marking machine while he was in the service, before he came to us, and that is assigned to the Time Marking Machine Co.

Mr. McCoy. But he never assigned anything to the B. F. Cummins Co.?

Mr. CUMMINS. Since that time he has never to the B. F. Cummins Co. while he was in the service that I remember.

Mr. BRITT. How long has it been since he retired from the service?

Mr. CUMMINS. About two and a half years.

Mr. McCoy. Anyone else, Mr. Cummins, in addition to those five men, who has at any time been an employee of the Chicago post office and who either while so employed or subsequent to the termination of his employment assigned to either of the two companies mentioned any invention, whether patented or not?

Mr. CUMMINS. I think there was an improvement, and it was used in connection with the Doremus overhauling, made by two other men.

Mr. McCoy. And who were they?

Mr. CUMMINS. One whose name, I think, is Wolma, and the other I can not now recall. I do not think I ever saw him.

Mr. McCoy. Was the consideration for all these assignments a payment of a lump sum, or is there any royalty agreement?

Mr. CUMMINS. There is no royalty agreement in so far as any canceling machine in the service is concerned.

Mr. McCoy. How about pick-up tables?

Mr. CUMMINS. There is no royalty agreement.

Mr. McCoy. How about any other? If I understand your answer rightly, so far as any machine of any kind in the service is concerned there is no royalty agreement. Is that right?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. And consequently the consideration for the assignment was the payment of a lump sum for the assignment?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. Have you any recollection of the amounts paid to any one of these men?

Mr. CUMMINS. A pretty good recollection; yes, sir.

Mr. McCoy. How much did Lynch get for his assignments?

Mr. CUMMINS. Gasman and Lynch got for the original pick-up tables, for the assignment, \$1,000. I do not know how it was divided between them. After the payment of the original \$1,000, several years afterwards, we paid Lynch \$600 for additional inventions and improvements on the pick-up tables.

Mr. BRITT. Covered by different patents?

Mr. CUMMINS. Some of them patents, and perhaps some of them just ideas that were used without patents. There are a vast number of devices, and I do not recall.

Mr. McCoy. Is that all in the one instance that Lynch and Gasman got, and all that, in another instance, Lynch got?

Mr. CUMMINS. We are speaking of Lynch?

Mr. McCoy. Yes.

Mr. CUMMINS. In addition, Lynch has an improvement, or an invention, that has not yet been made public, upon which I paid him \$100.

Mr. BRITT. It pertains to what?

Mr. CUMMINS. An improvement we are trying to make in canceling machines and pick-up tables. I have——

Mr. McCoy (interposing). Just a minute, Mr. Cummins. You have paid him \$100. Now, are you under contract to pay him any more?

Mr. CUMMINS. I am under a verbal agreement to pay him what it is reasonably worth, if it is ever reasonably worth anything.

Mr. McCoy. That is an invention in connection with both pick-up tables and canceling machines. I am not going to ask you what it is.

Mr. CUMMINS. I hope you will excuse me in the presence of these other gentlemen.

Mr. McCoy. I am not going to ask you what it is, but it is an invention connected with the two things I have mentioned?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. Without asking you to describe it, is it proposed by this invention to carry mail matter directly from the pickup tables into the canceling machine without a stacker?

Mr. CUMMINS. No. The question is a little too long there.

Mr. McCoy. I do not want you to describe it, but what is the function, if it is reasonably worth anything, it will reasonably perform?

Mr. CUMMINS. It is intended to facilitate and cheapen the handling of mail in regard to the facing and canceling of mail.

Mr. McCoy. Well, I am not curious on that point. Now, what other payments have been made to Mr. Lynch?

Mr. CUMMINS. To the best of my knowledge, that is all.

Mr. McCoy. What other agreements, except those you have testified to, have you made with Mr. Lynch?

Mr. CUMMINS. I think none other.

Mr. McCoy. Now, we will take up Mr. Gasman. He was supposed to get some part of a thousand dollars to be paid on the pick-up tables. Has he been paid any other sums, and I will ask the question in regard to both the Time Marking Machine Co. and the Cummins Co., and kindly separate your answers?

Mr. CUMMINS. I can make it clear this way. The Time Marking Machine Co. has absolutely nothing to do with anything except the time-marking machines now in service. There have been two transactions with Gasman. He has been paid \$500 for his invention—his part of the invention of the vertical newspaper case.

Mr. McCoy. Is he a half owner with Lynch?

Mr. CUMMINS. Lynch has nothing to do with it.

Mr. McCoy. Who is the other man?

Mr. CUMMINS. Mr. Murray, of our company.

Mr. McCoy. That is a vertical——

Mr. CUMMINS (interposing). Newspaper case.

Mr. McCoy. Which Mr. Murray is the half owner?

Mr. CUMMINS. Frank G. Murray. He is not the other owner, he is the other inventor.

Mr. McCoy. Now, who owns that invention?

Mr. CUMMINS. The B. F. Cummins Co.

Mr. McCoy. Has a patent been applied for?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. Has it been granted?

Mr. CUMMINS. Not so far as I know.

Mr. McCoy. Is the B. F. Cummins Co. the assignee of the invention?

Mr. CUMMINS. The applicant for patents.

Mr. McCoy. With instructions to have them issued to the assignee?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. And what other payments has Mr. Gasman received?

Mr. CUMMINS. He has not received any other. He is to receive—

Mr. McCoy (interposing). I was coming to that. No other payments, but he is to receive what?

Mr. CUMMINS. Five hundred dollars more in case the patent is allowed substantially as applied for.

Mr. McCoy. Do you know when the application was filed?

Mr. CUMMINS. I think it was within a year; I can not tell closer.

Mr. McCoy. Then Mr. Gasman's share of \$1,000 paid to him and Lynch, the payment of \$500 for a half interest in the vertical newspaper case and the agreement to pay him \$500 on a patent if allowed substantially as applied for. is all he ever received either in the way of money or promises?

Mr. CUMMINS. To the best of my recollection.

Mr. McCoy. How about Mr. Galbraith. What payments has he ever received from either of these companies?

Mr. CUMMINS. I never paid Mr. Galbraith any money or anything.

Mr. McCoy. Do you know of his ever having received anything from either of the companies for any invention?

Mr. CUMMINS. I know he has not. He has not made any.

Mr. McCoy. How about Mr. Madigan? Has he ever received anything in the way of money or promises from either of the two companies?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. What has he received?

Mr. CUMMINS. He received \$400 several years ago for the assignment of an improvement to the time-marking machine.

Mr. McCoy. That was received from the Time Marking Machine Co.?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. I interrupted you, I think.

Mr. CUMMINS. That is the first transaction. He received a sum of money out of each Doremus overhauled machine.

Mr. McCoy. How much?

Mr. CUMMINS. \$15 each. I am sure that is right.

Mr. McCoy. What did he do for it?

Mr. CUMMINS. He originated the idea of overhauling, presented it to me, and in addition he put together, or suggested the means of putting together, the different improvements that were made.

Mr. McCoy. By whom?

Mr. CUMMINS. I testified a minute ago. I think there were two other men who had something to do with that, but I can not recollect distinctly. Wolma was one, but I can not remember.

Mr. McCoy. You say he did receive \$15 for each machine?

Mr. CUMMINS. Yes, sir. Madigan has to do with another machine that is not in the service.

Mr. McCoy. What kind of a machine is that?

Mr. CUMMINS. That is a canceling machine that we sell direct to postmasters.

Mr. McCoy. What has he to do with that?

Mr. CUMMINS. He gets a royalty on that machine.

Mr. McCoy. What royalty does he get?

Mr. CUMMINS. Is that a proper question? I do not like to testify about things that have nothing to do with the service. I do not care, so far as I am concerned; but I am thinking about Mr. Madigan.

Mr. McCoy. I think I will have to ask you to answer that.

Mr. CUMMINS. I think it is \$1.85 each.

Mr. McCoy. That is what—a hand machine?

Mr. CUMMINS. Yes, sir; Cummins No. 2.

Mr. McCoy. Are any of those used in any office under rental or purchased by the Government?

Mr. CUMMINS. No, sir; not that I know of.

Mr. McCoy. Were any of them ever used?

Mr. CUMMINS. I think not; not that I know of.

Mr. McCoy. Was it offered to the Government?

Mr. CUMMINS. It was.

Mr. McCoy. At the time this royalty agreement existed?

Mr. CUMMINS. It must have been; yes, sir.

Mr. McCoy. Did the offer disclose the fact that Madigan was under agreement to receive a royalty when you made the offer to the Government?

Mr. CUMMINS. No, sir; not that I know of.

Mr. McCoy. What else had Madigan ever gotten, or is he under contract to get?

Mr. CUMMINS. I think that is all.

Mr. McCoy. And is this royalty of \$1.85 on that Cummins No. 2 the only royalty that is paid to anybody by either the Time Marking Machine Co. or the B. F. Cummins Co. for any devices used in the postal service?

Mr. CUMMINS. No.

Mr. McCoy. Who else is paid any royalty?

Mr. CUMMINS. We pay a royalty to James Rehak?

Mr. McCoy. What does he get?

Mr. CUMMINS. This is on the machines known as the Nos. 5, 7, and 11.

Mr. McCoy. When was the agreement to pay him a royalty made?

Mr. CUMMINS. Six or eight months ago; I can not remember.

Mr. McCoy. At the earliest?

Mr. CUMMINS. I know it was made——

Mr. McCoy (interposing). Not more than a year ago, at any rate?

Mr. CUMMINS. No, sir.

Mr. McCoy. Now, I will ask you a very general question, Mr. Cummins. Have you now testified to all dealings between either the Time Marking Machine Co., or the B. F. Cummins Co., or the Assets Realization Co., or any individual ever connected with any of those companies who has ever been in the service of the Government, either in the postal service or otherwise, with reference to devices, whether patented or not, ever used or the use of which in the public service was contemplated, meaning thereby dealings which resulted to the financial advantage of any such persons or which

consisted of agreements which might result to their financial advantage?

Mr. CUMMINS. That is a frightfully long question.

Question read.

Mr. CUMMINS. May I ask you a question?

Mr. McCoy. Certainly.

Mr. CUMMINS. Mr. Hinman testified. This relates only to the matter of machines and not to anybody in the service?

Mr. McCoy. It relates to inventions or devices solely—not to what I understand might be your contract with Mr. Hinman for his personal services.

Mr. CUMMINS. If I understand the question, I will say there are two or three other little devices that might be included. I have a little article that we intended to describe as a twine cutter and an ink dauber and a revolving stamp canceler and another. There is a door, a duplex door, for newspapers and other cases. We never made any sales, and I have no definite arrangement about those things or the inventions and discoveries of Madigan or Rehak.

Mr. McCoy. What is the arrangement with Madigan and Rehak in regard to them?

Mr. CUMMINS. That if they are ever worth it I will pay them something.

Mr. McCoy. Pay them a flat payment or royalty?

Mr. CUMMINS. There is no agreement; they are doubtful, perhaps—in the doubtful class as money makers. That, to the best of my recollection, is all the dealings I have had.

Mr. McCoy. Now, Mr. Cummins, you are a brother of Senator Cummins, of Iowa?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. Do you know of, or have you any information which would lead you to believe, that Senator Cummins in any way, shape, or manner used his influence with any Government official, or Member of Congress, or committee, or with anybody on behalf of or for the purpose of getting into Government use any invention in which you or any company you were ever connected with had any interest?

Mr. BRITT. I suggest that question be read.

Mr. CUMMINS. I suggest that you ask him and not me.

Mr. McCoy. I did not want to bother the Senator. I want to ask you first.

Question read.

Mr. BRITT. Without excepting to the question or the answer in anyway, I suggest that the most competent witness of that fact would be the Senator himself.

Mr. CUMMINS. I do not think it is a proper question to ask me, but I will answer it. I will say no. I do not know of anything that he has done or anybody that he has ever seen in my behalf in connection with canceling machines, pick-up tables, or anything else.

Mr. McCoy. You say you do not know. Have you any information which leads you to believe that the Senator has done any such thing?

Mr. CUMMINS. No. I would like to ask for a copy of that question and the answer.

Mr. McCoy. The stenographer will furnish it to you. I have here a copy of United States Letters Patent No. 857990, issued June 25, 1907, to George A. Gasman and John T. Lynch, of Chicago, Ill., assignors for the Time Marking Machine Co. of Chicago. The application was filed January 3, 1905. What was your connection with the Time Marking Machine Co. on that date, Mr. Cummins?

Mr. CUMMINS. President.

Mr. McCoy. I notice that the application was filed January 3, 1905, and patent issued June 25, 1907. What delayed the issuing of that patent so long?

Mr. CUMMINS. I do not know. I do not think it was very long.

Mr. McCoy. Two years and a half nearly. You say you do not think it is very long?

Mr. CUMMINS. I would not think so; but I do not know anything about what delayed it, if it was a delay.

Mr. McCoy. Also Letters Patent of the United States 1035716, is sued August 13, 1912, to John T. Lynch and George E. Bolton, of Chicago, Ill., assignors of the B. F. Cummins Co., a corporation of Illinois, for stacking mechanism for mail matter. Application filed February 20, 1911, serial No. 609728. What delayed the issuing of that patent from February 20, 1911, to August 13, 1912?

Mr. CUMMINS. I have no knowledge of it.

Mr. McCoy. Do you know whether or not the inventors were working on the device as described in the application filed on February 20, 1911, between that date and the 13th of August, 1912?

Mr. CUMMINS. I do not know.

Mr. McCoy. Mr. Cummins, did you not follow the matter until after the application was filed?

Mr. CUMMINS. Not personally; no, sir. It was in the hands of our attorneys.

Mr. McCoy. Did they keep you posted about what was being done?

Mr. CUMMINS. No; not on such matters. Of course they asked me if there was anything to do, if I had any recommendation to make in the usual way.

Mr. McCoy. Do you know whether Mr. Lynch and Mr. Bolton were working on this invention for the purpose of improving it, or any other purpose, during that interval?

Mr. CUMMINS. No; they would not work on that particular application or the matters covered by that application. They might have gone on, and I think Mr. Lynch did go on, with improvements of the same general character. Mr. Bolton did not, because he was not with us about that time.

Mr. McCoy. After about February 20, 1911?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. The first device which I referred to, I ought to have said, referring to patent 857990, was for pick-up tables for mail matter. Has Mr. Lynch been working on any invention or any device for stacking mechanism for mail matter since February 20, 1911?

Mr. CUMMINS. Yes.

Mr. McCoy. Has he since that date applied for letters patent?

Mr. CUMMINS. I am quite sure he has.

Mr. McCoy. Has that application been assigned to the B. F. Cummins Company?

Mr. CUMMINS. If any has been made they have been assigned.

Mr. McCoy. I may not remember, but I think you have not stated that Mr. Lynch ever received anything from you, or your companies, for a stacking mechanism for mail matter. Am I right about that?

Mr. CUMMINS. I think you are wrong about it. I think I have, or at least should have, testified the other way.

Mr. McCoy. Well, now, my memorandum of your testimony about Lynch is that Lynch and Gasman got \$1,000 for a pick-up table, and that Lynch got a payment of \$600. Is that for a stacking mechanism?

Mr. CUMMINS. Part of it.

Mr. McCoy. You mean part of the stacking mechanism, or part of the payment?

Mr. CUMMINS. The \$600 were the total payments, but the stacking mechanism probably constitutes only a part of the improvements covered by the inventions. It is all in connection, however, with the pick-up table and canceling-machine business, and I think I stated that there is still an unfinished invention and improvement.

Mr. McCoy. Did Mr. Lynch get \$600?

Mr. CUMMINS. Yes; on account of it.

Mr. McCoy. Now, I dislike to put you to the trouble, but I am going to ask you to send me copies of all agreements of all kinds and descriptions, including assignments that you have, or your companies have had, with Lynch, Gasman, Madigan and Rehak.

Mr. CUMMINS. I can shorten that by saying I had not, and never had, a written contract with Lynch, or with Gasman, nor with anybody but Madigan as to royalty. The copies of assignment I can procure, but it will cost me something—copies of assignments of applications for patents.

Mr. McCoy. I do not want you to go to any expense. I think probably you have cleared things up. The Lynch agreement for the invention, which has not been made public, and for which he has had a hundred dollars, with the agreement to pay him what it is reasonably worth, is an agreement by word of mouth, and not reduced to writing?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. If I understand you rightly, except out-and-out assignments, there is nothing in writing, and never has been, between you, your companies on the one side, and any of these men on the other, except this royalty agreement with Madigan? That is right?

Mr. CUMMINS. There are two royalty agreements in writing, one on the No. 2, which is the machine not in the Government service, and the other is on the Nos. 5, 7, 11, and other types of machines.

Mr. McCoy. That is a royalty agreement?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. With whom?

Mr. CUMMINS. One of them was with Madigan, with P. J. Madigan and James Rehak, and the other with Rehak and John Madigan.

Mr. McCoy. John Madigan being a brother of the other Madigan?

Mr. CUMMINS. I think he is; I am not sure; he is a relative.

Mr. McCoy. There is a royalty agreement, then, with regard to the Cummins Nos. 5, 7, and 11, with the Madigan we were talking about? What is his name?

Mr. CUMMINS. P. J. is the post-office employee.

Mr. McCoy. With P. J. Madigan Are there two royalty agreements on Nos. 5, 7, and 11?

Mr. CUMMINS. No; one.

Mr. McCoy. And that agreement is with P. J. Madigan?

Mr. CUMMINS. No; with John Madigan and James Rehak.

Mr. McCoy. But not with P. J. Madigan?

Mr. CUMMINS. No, sir.

Mr. McCoy. What position does John Madigan occupy?

Mr. CUMMINS. I think I have heard he is superintendent or foreman of some machine shop in Chicago, but I am not able to say exactly. He is a mechanic—machinist.

Mr. McCoy. P. J. Madigan is not a party to that agreement?

Mr. CUMMINS. No, sir.

Mr. McCoy. Is he mentioned in it in any way?

Mr. CUMMINS. Not to the best of my knowledge.

Mr. McCoy. I will ask you to send me a copy of that, Mr. Cummins. If I understand you rightly, the only royalty agreement in regard to machines Nos. 5, 7, and 11, is the one between the B. F. Cummins Co. on the one side, and John Madigan and James Rehak on the other side, and P. J. Madigan is not mentioned in it in any way? Is that right?

Mr. CUMMINS. According to the best of my recollection. I do not know any reason why he should be.

Mr. McCoy. Did you say that P. J. Madigan had any interest in the invention referred to in the contract?

Mr. CUMMINS. I think not.

Mr. McCoy. Do you think you have never heard it?

Mr. CUMMINS. That he has any interest?

Mr. McCoy. Yes.

Mr. CUMMINS. No. Meaning a financial interest? He may be interested in his brother's welfare, if he is his brother, and I think he is.

Mr. McCoy. And that one agreement covers all three machines?

Mr. CUMMINS. Yes, sir.

Mr. McCoy. And there is no other agreement?

Mr. CUMMINS. And there is no other.

Mr. McCoy. Is any royalty paid to anybody on the Time Marking Machine Co. Cummins machine, so-called?

Mr. CUMMINS. There should be if we ever made any more. There is one royalty agreement with James Rehak to pay him \$10 each.

Mr. McCoy. And that was the only agreement?

Mr. CUMMINS. That is the only one.

Mr. McCoy. When was that agreement made?

Mr. CUMMINS. I think it is already in evidence. I think I testified to it.

Mr. McCoy. My recollection is that you testified that Rehak had an interest in the Nos. 5, 7, and 11 by way of royalty.

Mr. CUMMINS. The agreement was made somewhere about the latter part of 1909 or the first of 1910.

Mr. McCoy. Did you ever have any talk with anybody about consolidating the various concerns, or any two or more of them, which manufacture canceling machines?

Mr. CUMMINS. Yes.

Mr. McCoy. With whom have you had such conversation?

Mr. CUMMINS. I had a talk several years ago with a man in New York, whose name I can not remember. I tried to look up the correspondence, and was unable to think of or get his name.

Mr. McCoy. How many years ago was that?

Mr. CUMMINS. I should think in 1909.

Mr. McCoy. Have you had any talks with anybody since that time?

Mr. CUMMINS. I have had a talk—that might come under your question if I might hear it read again.

(Question read as follows:)

Did you ever have any talk with anybody about consolidating the various concerns, or any two or more of them, which manufacture canceling machines?

Mr. CUMMINS. I do not know as to the word "consolidation." I had a talk with a man who thought he might improve that.

Mr. McCoy. Who was the man?

Mr. CUMMINS. Reuben H. Donnelly.

Mr. McCoy. And who is he?

Mr. CUMMINS. He is a printer, of the firm of R. R. Donnelly & Sons Co., of Chicago. He is also a stockholder in the Time Marking Machine Co.

Mr. McCoy. And what was your talk with him, generally speaking?

Mr. CUMMINS. The first time I had a talk with him on the subject was about the 1st of December last. He asked me to go to lunch with him, and at lunch told me he had talked with a man in New York. Let me think a minute. I think his first talk was through a man by the name of Carpenter who formerly was associated with Donnelly. He had been asked to talk with Mr. Manny—Walter B. Manny—on the subject.

Mr. McCoy. Of the Universal Co.?

Mr. CUMMINS. I have understood he was with that company. I am not sure whether he told me at that time he had a talk with Mr. Manny or whether it was arranged he should have it on his next visit to New York by Mr. Carpenter. I rather think that was it. Afterwards, about the middle of December, Donnelly wrote me here while I was in Washington, telling me of the talk he had with Mr. Manny on the subject.

Mr. McCoy. Did the talk come to any conclusion?

Mr. CUMMINS. I think not. He said that Mr. Manny was going away about the 8th of January, as I remember it, and probably could do little with it in the way of taking it up actively until after his return.

Mr. McCoy. Mr. Donnelly is not the Donnelly in the B. F. Cummins Co.?

Mr. CUMMINS. No, sir.

Mr. McCoy. Were there any negotiations that you know of on foot, or anything that might resemble negotiations, for the B. F. Cummins Co. uniting with any other company in the business, or buying it or selling out?

Mr. CUMMINS. There is nothing of that kind, and there has been none recently.

Mr. McCoy. Were there not negotiations, which you took some part in some time ago, looking to the possible consolidation of some

of these companies, which came to nothing because the International Postal Supply Co., of Brooklyn, would not join in it?

Mr. CUMMINS. I can not recall. That was a matter that I discussed with some broker—I think he was a broker—in New York, a man whose name I can not recall, and could not find the correspondence. At that time one of the companies had asked him, I think, to sell out their business, and I think he conceived the notion of buying out the others, or something of that sort, and I talked with him at least once, maybe more than once, and had some correspondence with him. I think that was about 1909. I do not now recall whether the matter fell through because of the International's attitude or not.

Mr. McCoy. The initiative, you say, was on the part of some broker?

Mr. CUMMINS. Yes; to the best of my recollection.

Mr. McCoy. I have a letter from Mr. George P. Tangeman, dated December 31, 1912, addressed to me. I am going to read you what Mr. Tangeman says, and then ask you whether, in substance, that corresponds with your recollection of an interview at the time with him (reading):

In the fall of 1910 I received a letter from Mr. Cummins, of Chicago, who was at that time connected with the Cummins Machine Co., requesting me to meet him at the Waldorf-Astoria Hotel in New York, where I then resided. I wrote him that I would meet him. Previous to that letter I had never met Mr. Cummins or had any communication with him. He knew me as the vice president and acting president of the International Postal Supply Co. of New York. He also knew at that time that Mr. Matthew Dolphin was dead and that Mr. Dolphin during his lifetime controlled the company. Mr. Cummins informed me at our interview that he had been in Washington and had been told by the First Assistant Postmaster General, Dr. Grandfield, that the department was going to make a contract for four or five years' duration for stamp-canceling machines, and that Dr. Grandfield had also told him that the arrangements to effect a four or five year contract had been completed. Mr. Cummins further told me that he had at that time perfected a canceling machine far superior to anything on the market, and one which could be produced at much less cost than any existing machine. With these machines and his pick-up tables already in the service he felt that he could secure a contract for the entire canceling machines for the Government, and that all he needed was capital with which to manufacture the machines. He wanted me to sell or dispose of my stock in the International Postal Supply Co., become associated with him in his company and in the manufacture of these new machines. He told me he felt certain that if this were done money could be made by the new company, and if I contributed capital I would receive a corresponding profit therefrom.

Then the letter goes on and tells other details. Does your recollection of that interview correspond substantially with what Mr. Tangeman writes me, as I have just read it?

Mr. CUMMINS. I think there are two items in it that would need correction on my part before I would agree to it, if you will read me what he says I told him about what Dr. Grandfield told me.

Mr. McCoy (reading):

Mr. Cummins informed me at our interview that he had been in Washington and had been told by the First Assistant Postmaster General, Dr. Grandfield, that the department was going to make a contract for four or five years' duration for stamp-canceling machines, and that Dr. Grandfield had also told him that the arrangements to effect a four or five year contract had been completed.

Mr. CUMMINS. That is not the part that I refer to.

Mr. McCoy. Well, that is the only place where Dr. Grandfield is mentioned.

Mr. CUMMINS. The other part where he says that I urged him or told him to sell his interest in the International Co.—he has forgotten there. He told me that he was very anxious to sell his interest, being at outs a little, as he told me, with the company, and that he thought he would shortly be able to sell it; and I think he told me that he had told his broker to let it go as low as \$35 a share, if he could get it. I have a pretty clear recollection of that. I can not imagine why I should have urged him to sell his interest, if I did.

Mr. McCoy. Aside from that, does it in substance report correctly what took place at that interview—what was said?

Mr. CUMMINS. Well, I don't think he has got it quite right about Dr. Grandfield saying, or my saying, that he said he had arranged for a four or five year contract. It was probably about the time that the contract term was changed to more than one year, and I have no doubt I referred to that.

Mr. McCoy. What is your recollection of the conversation in respect to changes in the term of the contract?

Mr. CUMMINS. I was trying to get him to put money into my enterprise and presented the advantages of it as best I could, and represented the possibility of getting a large contract.

Mr. McCoy. Well, now, what is your recollection of what you said to Mr. Tangeman?

Mr. CUMMINS. I think I can go no closer than that.

Mr. McCoy. Do you remember whether or not you or your company ever wrote a letter to Mr. Tangeman in which was mentioned the question of a Government contract?

Mr. CUMMINS. I think very likely; but I have no recollection.

Mr. McCoy. Did you bring any such letter with you?

Mr. CUMMINS. I did not.

Mr. McCoy. That is another thing that I should like to have you look up when you go back to Chicago, and send me all the correspondence that you have had with the International Postal Supply Co. or any stockholder of the company.

Mr. CUMMINS. I am sure I never had any correspondence with anybody except Mr. Tangeman.

Mr. McCoy. Then with him, or with whoever it was.

Mr. CUMMINS. Might I ask, Mr. McCoy, if you will give me or have the stenographer give me a memorandum of these things that I am to look up?

Mr. McCoy. Just as soon as the minutes are transcribed I will see that you get a copy of them. Now, Mr. Cummins, if you will take the report of these hearings, being entitled "Canceling Machines. No. 72," and look at page 85, Exhibit Z. Exhibit Z is a letter from the B. F. Cummins Co., signed by you, addressed to the purchasing agent, and the testimony is that it was a letter in reference to the bid of the B. F. Cummins Co., which was submitted on October 31, 1911. The beginning of the second paragraph of this exhibit is as follows:

It was our intention in making this proposal (referring to the proposal of October 31, 1911) to have it cover the whole requirements of the Post Office Department for canceling machines and not any part of it. The question of a whole or partial award for canceling machines has been discussed from time to time with the department. It seemed plain to me, as it would, I think, to anyone, that canceling machines could be furnished and maintained at a less cost to the department if all such machines could be furnished and maintained by one company or concern.

You had no intention of endeavoring to secure a partial award, if I interpret rightly what I have just read in this Exhibit Z. Is that the fact, that you had no such intention?

Mr. CUMMINS. I would put it the other way—that I was trying very hard to get it all.

Mr. McCoy. But you were endeavoring to get it all in the shape of a bid, which bid was a lump sum for the whole number of machines called for; is that not so?

Mr. CUMMINS. Yes.

Mr. McCoy. Not bidding on any part of the total number required. Is that right?

Mr. CUMMINS. The bid shows for itself. I was bidding on the entire number.

Mr. BRITT. I would say at this point that I want to get hold of that bid before you close the hearings.

Mr. McCoy. Yes. It has unfortunately gone to the printer now, I think—you refer to the one of March?

Mr. BRITT. Yes.

Mr. McCoy. This is October. If you will look at page 127 of the hearings you will find there a copy of your bid, Exhibit TT. Now, you say the bid speaks for itself, and there it is. What does it speak, in the respect which I have mentioned—that is, as to whether or not you intended or expected or hoped to get an award for any part of the number of machines called for less than the whole?

Mr. CUMMINS. I would like to answer that intelligently, but I do not quite get it.

Mr. McCoy. Did you believe that the official, whoever he might have been, who had the right to award a contract under the biddings of October 31 would, under this Exhibit TT, have had any right to give you an award for any fewer number than the whole number specified?

Mr. CUMMINS. I do not know that I ever considered it in that way. I perhaps would not be prepared to express an opinion. I had previously given the Postmaster General, or written, a letter on October 26 or 28, in which I mentioned individual unit prices. I do not think I ever considered or have considered whether an official would have the right to award a part of those machines.

Mr. McCoy. I see that I need not have asked you that question, because your statement to Mr. Holmes is, "Our intention in making this proposal was to have it cover the whole requirements of the department for canceling machines, and not any part of it."

Now, you speak of a letter which you submitted to the Postmaster General about October 26, 1911, giving unit prices. Was it your intention in submitting that letter to have it treated as a part of your bid?

Mr. CUMMINS. No; I do not think it was intended to be a part of the bid. It was to inform the department what the individual prices of the machines were in case they should want to assign them definitely or not use exactly the number of a certain class of machines specified in the proposal.

Mr. McCoy. Dr. Grandfield has testified that you handed a letter to him and asked him that it be treated as confidential. What was the purpose of that request, or rather, why did you want it to be kept as a confidential matter?

Mr. CUMMINS. I did not want my competitors to know the individual prices.

Mr. McCoy. You expected that they were going to bid individual prices, didn't you?

Mr. CUMMINS. I did not know anything about what they would do.

Mr. McCoy. Didn't you anticipate that they would?

Mr. CUMMINS. Why, if I had any anticipation, I do not know what it was in that respect. I thought that under the proposal an entire award was contemplated, and I thought that the proposal was so worded as to call for a proposal for an entire award.

Mr. McCoy. And not for individual prices?

Mr. CUMMINS. I did not lay so much stress on that part of it.

Mr. McCoy. Now, at the beginning of the fourth paragraph of this Exhibit Z, at page 85, is the following:

The requests for proposals covered a total of 1,847 machines in four different classes, but I think it was understood then, as well as now, that three classes would be sufficient.

What, if you recollect, did you mean by that?

Mr. CUMMINS. Well, I can not tell exactly; but I think I have heard—I think the matter had been talked over by me with Dr. Grandfield, or Mr. Bushnell, and with others, in regard to the four classifications, and that there was more than they needed, more different kinds—something like that.

Mr. McCoy. The four different kinds you will find at page 128, Exhibit TT.

Mr. CUMMINS. Referring to our bid?

Mr. McCoy. Yes. Was it any one of those four kinds mentioned at page 128 which was talked over by you and Dr. Grandfield and Mr. Bushnell?

Mr. CUMMINS. I am not able to answer definitely.

Mr. McCoy. Wasn't it the kind which is described as 237 nonautomatic electric canceling machines, capable of postmarking and canceling not less than 100 letters a minute?

Mr. CUMMINS. I have not thought that matter over—

Mr. McCoy (interposing). Wasn't it understood then, as you state in your letter, that that kind would not be required, and that the other three kinds would be sufficient?

Mr. CUMMINS. Well, I do not think it was ever stated that they would not be required. I think the general service in that respect had been at that time discussed, and I perhaps had in mind pretty strongly that that machine or a machine of that class would not be required.

Mr. McCoy. That is a drop-feed machine, isn't it?

Mr. CUMMINS. Yes.

Mr. McCoy. The specifications which are found in Exhibit TT, page 127, say:

The Postmaster General reserves the right to divide the award among different bidders or to award the entire contract to one bidder, as the interest of the department may require, on the basis of efficiency and economy.

How did you expect, if you did expect, to get any part of the contract if it should be divided as it was there stated it would be?

Mr. CUMMINS. Why, I can not describe my expectation in that respect.

Mr. McCox. Can you explain now, Mr. Cummins, how, with this bid of the Cummins Co., Exhibit TT, before the official making an award, the Postmaster General could, if he had seen fit to do so, divide the award among different bidders?

Mr. CUMMINS. I do not know whether he could have divided it among different bidders so as to have given me any part of it. It seems to me the prime idea in my mind at the time was the cheapening, being able to quote a lower price, and I had less thought of the formality of the department in mind than I had of telling the department what kind of machines they could get for so much money. I was not very familiar with some of the technicalities of it, if it may be called that.

Mr. McCox. It was in your mind that it would be for the best interests of the Government to award an entire contract, as you state in Exhibit Z. Was it your expectation that they would award an entire contract?

Mr. CUMMINS. Well, I can go as far as to say that I hoped they would.

Mr. McCox. But you did not expect it? I do not mean to award it to you, but to anybody?

Mr. CUMMINS. I can hardly say what I expected at that time—without any desire to hold back anything.

Mr. McCox. No; I am not criticizing at all, Mr. Cummins, but had you any reason to believe that it was the intention of the Government in the matter to award the entire contract to some bidder, presumably the lowest, of course?

Mr. CUMMINS. Well, I had been given to understand that the department would entertain such a proposition or such an idea.

Mr. McCox. Of course, they said so in their advertisement.

Mr. CUMMINS. And I knew of no reason why they should not. I knew at the time it would be a departure from the old course.

Mr. McCox. Who gave you to understand that the department would entertain such a proposition?

Mr. CUMMINS. The First Assistant Postmaster General—I had a letter, I think, on the subject.

Mr. McCox. Where is that letter?

Mr. CUMMINS. I do not know.

Mr. McCox. That is another thing I would like to have you produce; also your answer, and any correspondence about it.

Mr. CUMMINS. I think it is in the files here which are already furnished.

Mr. McCox. Now, you say in Exhibit Z, page 85:

Bids have been obtained from time to time on partial awards, and the routine in this direction had been established.

What did you mean by that? That is at the bottom of page 85.

Mr. CUMMINS. I say anything to try to make an argument to show that an entire award was called for by this proposal.

Mr. McCox. The routine in regard to partial awards was not followed in this instance by the Government?

Mr. CUMMINS. I go on to call their attention—I say that that had been the practice in the past—and I call their attention to the wording of this proposal.

Mr. McCoy. I take it, then, that you mean the custom, more than the routine, had been established?

Mr. CUMMINS. I think so.

Mr. McCoy. I did not understand whether it did refer to routine or whether it referred to a practice or custom?

Mr. CUMMINS. I think that probably is what it means.

Mr. McCoy. Now, it says here "for this proposal was called for at an odd time." What do you mean by that?

Mr. CUMMINS. I meant the time of year. In past years bids had been called for in the spring or summer, some time along there.

Mr. McCoy. Now, Mr. Cummins, if on this bid of October 31, 1911, the Government had considered only your bid, "Exhibit TT," and had decided to make a partial award, the B. F. Cummins Co. would have been likely to have gone out of business, wouldn't it?

Mr. CUMMINS. I don't see why.

Mr. McCoy. Will you explain how the company could have gotten an award for any fewer than the total number of machines if the Government considered only this "Exhibit TT?"

Mr. CUMMINS. I do not get the connection.

Mr. McCoy. Well, the connection is right here. In "Exhibit TT," as disclosed at page 128, the B. F. Cummins Co. bid \$198,820 for the entire award. It nowhere in the bid specifies the prices at which it will furnish less than the entire number of machines; consequently, if that exhibit, or the original of that exhibit, had been the only thing considered by the Government the Cummins company could not get anything less than the entire award. Isn't that so?

Mr. CUMMINS. Yes; it seems so to me, but why should the company go out of business?

Mr. McCoy. I do not know—I mean the canceling-machine business.

Mr. CUMMINS. I might have come again some time.

Mr. McCoy. Four years later?

Mr. CUMMINS. No; maybe two minutes later.

Mr. McCoy. How could you?

Mr. CUMMINS. They need new machines all the time. If they had rented 1,875 machines they would have wanted more maybe in the next week. Why not?

Mr. McCoy. I do not know, I am sure. I think I am through with you now, Mr. Cummins.

Mr. BRITT. I do not think I care to question Mr. Cummins about anything.

Mr. CUMMINS. If I may have that list I will send anything else that is wanted.

Mr. McCoy. We will see that you get that. It will be mailed to you very shortly.

Mr. CUMMINS. I will say that I will be pleased to send anything else. I wrote one letter to you that was not answered.

Mr. McCoy. I did not answer that because I was afraid it was crossed by a telegram from Mr. Hinman.

Mr. BRITT. Before you go, Mr. McCoy, you promised to indicate a time when I could bring in the testimony for the Government. I will say again that it is only in the interest of economy in preparation and time of the officers that I make that request.

Mr. McCoy. I should say we will be ready for that Tuesday next. I would like to have the Universal file, so-called, sent up here. Will you see that that is done, Mr. Bushnell, the file in regard to the Universal machines?

Mr. BUSHNELL. The matter is all distributed among the post-office files.

Mr. McCoy. I do not mean that. I suppose you have a file of the correspondence with the Universal Machine Co. regardless of post offices?

Mr. BUSHNELL. Where it relates to a machine that is within an office those letters are filed in that office file.

Mr. McCoy. Well, then, disregard that question to that extent and simply get the correspondence between the department and the company which does not go into an individual file.

Mr. BUSHNELL. There is very little correspondence—practically every letter goes to some particular file.

Mr. McCoy. Well, whatever it is, if you will send it up right away. Now, Mr. Britt, I wrote a letter to the Postmaster General about the Kansas City and other files and I presume that is all right now, isn't it?

Mr. BRITT. Yes, sir.

Mr. McCoy. We will adjourn now until half past 10 o'clock Monday morning next.

LEWIS PUBLISHING COMPANY

COMPLETE INDEX

TO

HEARINGS

(No. 9 to No. 74)

BEFORE THE

**COMMITTEE ON EXPENDITURES IN THE
POST OFFICE DEPARTMENT**

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 109

**TO INVESTIGATE THE POST OFFICE
DEPARTMENT**



WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

**COMMITTEE ON EXPENDITURES IN THE POST OFFICE
DEPARTMENT.**

HOUSE OF REPRESENTATIVES.

[Committee room, room 293, House Office Building. Telephone 589. Meets on call.]

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RICHARD W. AUSTIN, Tennessee.

WILLIAM C. REDFIELD, New York.

C. BASCOM SLEMP, Virginia.

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HORACE M. TOWNER, Iowa.

ERNEST CORNELL, *Clerk.*

II

**D. OF D.
JAN 25 1913**

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LEWIS PUBLISHING COMPANY

No. 74

COMPLAINANT'S REJOINDER

TO

BRIEF FOR POST OFFICE DEPARTMENT

BEFORE THE

COMMITTEE ON EXPENDITURES IN THE
POST OFFICE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 109

TO INVESTIGATE THE POST OFFICE
DEPARTMENT

EDWIN C. MADDEN

Attorney in Fact

LEWIS PUBLISHING COMPANY

No. 74

COMPLAINANT'S REJOINDER

TO

BRIEF FOR POST OFFICE DEPARTMENT

BEFORE THE

COMMITTEE ON EXPENDITURES IN THE
POST OFFICE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 109

TO INVESTIGATE THE POST OFFICE
DEPARTMENT

EDWIN C. MADDEN

Attorney in Fact

WASHINGTON
GOVERNMENT PRINTING OFFICE

1913

COMMITTEE ON EXPENDITURES IN THE POST OFFICE DEPARTMENT.

HOUSE OF REPRESENTATIVES.

[Committee room, room 293, House Office Building. Telephone 589. Meets on call.]

WILLIAM A. ASHBROOK, Ohio, *Chairman*.

JOSHUA W. ALEXANDER, Missouri.

RICHARD W. AUSTIN, Tennessee.

WILLIAM C. REDFIELD, New York.

C. BASCOM SLEMP, Virginia.

WALTER I. MCCOY, New Jersey.

HORACE M. TOWNER, Iowa.

ERNEST CORNELL, *Clerk*.

D. OF D.
JAN 25 1913

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THE "LEWIS CASE."

REJOINDER FOR THE COMPLAINANT IN THE MATTER OF THE INVESTIGATION BY THE COMMITTEE OF THE HOUSE OF REPRESENTATIVES ON EXPENDITURES IN THE POST OFFICE DEPARTMENT INTO THE COMPLAINTS OF THE LEWIS PUBLISHING CO., OF UNIVERSITY CITY, ST. LOUIS, MO., AGAINST THE OFFICIAL ACTS AND CONDUCT OF THAT DEPARTMENT.

COMPLAINANT'S ANSWER TO THE "BRIEF OF THE POST OFFICE DEPARTMENT."

To the Committee of the House of Representatives on Expenditures in the Post Office Department, conducting an inquiry into the so-called "Lewis case" under authority of resolution No. 109, Sixty-second Congress "to institute and carry forward an investigation into the conduct and administration of the affairs of the Post Office Department, and of the service under and in connection with the same, in order to ascertain whether abuses exist, either in the department or in the service, to the prejudice of the public welfare," this rejoinder is submitted.

The "Brief for the Post Office Department" (Doc. No. 71 in this case) purports to be a "correct summary of the testimony and facts in the case." Answering we say it is not a correct summary of the testimony and facts in the case. In substance it is a continuance of the effort of the department to transpose the parties and substitute false issues. It says (p. 9972):

The department's contention is that the main issue in this case is whether Mr. Lewis has violated certain laws of which the Post Office Department is charged with the administration. The department insists that these laws have been violated by Mr. Lewis, both individually and through certain so-called companies referred to by Mr. Madden as "legitimate enterprises." The injury which thousands of persons have suffered is that suffered at the hands of Mr. Lewis and his enterprises. It is convenient for Mr. Lewis and his associates now to speak of the thousands of so-called investors, just as it was convenient for him to call upon them for money.

Such is not the main issue in this case. If such violations of laws as alleged took place the department and the courts had power to deal with them in the regular order.

Again, the following from Chapter XIII (p. 10007) is given as the department's "comprehensive view of this case":

When we take a comprehensive view of this case, what do we see? What, simply told, is the story contained in the six large volumes, embracing a record of nearly 10,000 printed pages, setting forth the relations of Mr. Edward G. Lewis, of St. Louis, Mo., with the United States Government during the last 10 years? Reduced to as few words as possible and stripped of all technicalities, the issue in the case may be summarized in the question: Is Mr. Lewis guilty or not guilty of violating the postal laws? Does the Government speak the truth when it points to him an accusing finger and says: Mr. Lewis, you have continuously and systematically violated the laws and regulations governing the use of the mails; you have sought to escape the payment of lawful postage; you have induced tens of thousands of persons to send to you money and other things of value upon fraudulent representations, pretenses, and promises; you have deceived them and misapplied their investments? Congress has placed on the statute books laws for enforcement, through the machinery of government, which have for their purpose the safeguarding of the public revenues and the protection of those using the mails from the machinations of the schemer, the charlatan, and the deceiver. Congress has made these laws, and whether they are wise and just is a matter for the consideration of that body. So long as they are on the statute books they must be enforced.

This is the charge the Government makes, speaking through its two great departments—the Post Office Department and the Department of Justice. To it Mr. Lewis pleads not guilty and adds, "I have always paid the lawful rates of postage. I have not used the mails for fraudulent purposes, but nevertheless you have, by ostensibly seeking to enforce the law, destroyed my business and the business of the corporations which I organized." The rejoinder of the Government is: "All the damage you or the corporations which you represent have sustained is but the result of your being stayed in further efforts to impose upon the Government and the people."

In other words, the department levels its "accusing finger," while saying to the committee:

Lewis is a very bad man—a "schemer," a "charlatan," and "deceiver." He has made fraudulent representations, pretenses and promises, and as the result has received money through the mails from tens of thousands of persons. The question for the committee is, Is Lewis guilty or not guilty of violating the postal laws? The evidence is satisfactory to the officials that Lewis is guilty as charged, and that his enterprises were fraudulent. That evidence should be sufficient to satisfy the committee. In short, the committee should take the official word as to the character of the enterprises, and that Lewis "continuously and systematically violated the laws and regulations governing the use of the mails." It should consider the case of the Government and its need of vindication, not the case against the Government; or more properly speaking, the case against the officials who temporarily have had control of the Government machinery, and who are charged with having abused their trusts.

Such considerations are what the department has all along sought *to have and what it now would have substituted for the real issues;*

that is, it wants Lewis and his institutions put on trial before the committee, as it has had him and his institutions on trial in the courts, but where it has failed to vindicate that "accusing finger."

Then, upon the evidence, which was satisfactory to the department but which failed in the court, it asks of the committee to vindicate that "accusing finger."

As if for the purpose of such a defense, the record was heaped high with thousands of pages of irrelevant, immaterial, and unrelated testimony and evidence. It was foreseen that this would serve to muddy the waters, obscure the real issues, and pave the way for the attempt in the brief for the department to foist a false issue upon the committee. Mark the effort to blind the real issues and bulwark the false defense: "Congress has made these laws, and whether they are wise and just is a matter for the consideration of that body. So long as they are on the statute books they must be enforced."

The complainant responds to this by saying that no complaint has been filed against the proper honest enforcement of the laws of Congress. What is complained of is that the officials, to accomplish their ulterior and noxious purposes, have deliberately falsified both the laws of Congress and the facts, both in the records of the department and of the courts; have manufactured out of whole cloth both alleged "laws" and alleged "evidence"; have flagrantly violated other laws of Congress; and have in various other direct and indirect ways manipulated and misused the Government machinery and authority to accomplish their wrongful, oppressive, and unlawful purposes, all to the injury of thousands of unoffending citizens by the destruction of their legitimate enterprises, as stated in the formal bill of complaints, and the informal charges.

Further, the complainant says that this committee has not furnished a bill of particulars or charges concerning the conduct of E. G. Lewis or the character of the enterprises with the requirement that answer be made. Such evidence and testimony as has been placed in the record on those matters, charged by the department, came, not as a comprehensive defense to charges, such as would be made if Lewis or the character of the institutions were under investigation and were to be defended, but as information incidental to the inquiry prosecuted by this committee to ascertain "whether abuses exist either in the department or in the service to the prejudice of the public welfare." It would, it is submitted, be most unjust for the committee to comply with the department's wish and render judgment on Lewis, his acts, or the character and acts of his enterprises on the incomplete, fragmentary, and incidental evidence of record concerning them.

Let it be noted here that after an expenditure of enormous amounts of the public funds in the furtherance of their purposes and the most

systematic scouring of the country for years by the so-called spy system to cultivate dissatisfaction and secure complaints from among the investors, and to encourage dissatisfied persons to testify against Lewis, the officials have been able to gather but a beggarly few who would support them with complaints and testimony. In the courts where all this costly evidence was presented and where these costly trials took place (and be it noted that courts and juries are always prejudiced in some degree in favor of the Government as against the citizen) there has been an utter failure to secure a vindication. We anticipate the committee will neither be deceived as to the real issues in the case nor awed by that "accusing finger."

Substantially the tens of thousands of citizens who invested and joined in the founding of the Lewis enterprises are here complaining, not of Lewis or his enterprises, but of Government agents for having misused their authority and powers.

It may be admitted that under the stress of the long years of the official warfare of the "two great departments—the Post Office Department and the Department of Justice"—Lewis has sometimes been imprudent. But who, under such circumstances as this persecuted man has labored for years to save his enterprises from the tyrannous and destroying official hand, could at all times have been wise and discreet?

Whatever the ebullitions of Lewis in his promotion literature, they were substantially like those of all promoters. Some learned student of the subject has said that in nearly all advertising there is some element of misrepresentation. Perhaps Lewis was on occasions irrationally optimistic, but it has not been shown that he had a wrongful intent or that he ever personally directly profited by any of the alleged fraudulent representations, pretenses, or promises. Whatever those representations, pretenses, or promises may have been, the investors are not in any substantial way complaining of them, and the fact remains that the enterprises, founded through Lewis by the investors, and owned by them, were existing entities. The committee itself inspected those institutions standing dismantled and idle as a result of the official tyrannies complained of. If the advertising concerning them was sometimes too glowing or overreached the facts, why was it worse when done by Lewis than when done by others? The Government itself in its promotion literature makes similar fraudulent representations, pretenses, and promises. I adopt as part of my argument in this regard the following editorial taken from the New York World of December 10, 1912:

GOVERNMENT FAKE ADVERTISING.

An indignant mother complains that in reply to an advertisement her son in search of work had put in the World he received a circular from the United States Marine Corps soliciting enlistment. The mother argues that the circular is an enticement to

boys to leave home. The recruiting sergeant defends it on the ground that the Government needs good men and that he is trying to get them. As it appears that upward of 100,000 such circulars are sent out every week, the issue merits consideration.

The circular complained of opens with a general disparagement of the chances of obtaining employment and securing independence in civil life, and then makes the appeal: "Let me tell you that the service of to-day is a fine place for a live young man, and there is no uncertainty. It offers many opportunities for advancement, and besides the easy and congenial employment you would have, everything is furnished free." This recalls the richly colored pictures displayed at recruiting stations in the parks, showing vistas of fairyland with groups of handsome officers and orderlies brilliantly dressed enjoying the scene, and conveying intimations that recruits will have equal opportunities to see the world and enjoy life.

How different these enticements are from the realities of service in the ranks of the Army or of the Navy is well known. Were similar advertisements put out by a private labor agency they would probably be excluded from the mails. **A Government that forbids fake advertising should not itself be guilty of it.**

If all the allegations of the department regarding Lewis and his enterprises could be established to be true, which is here denied can be done, still it would be no justification for the official acts of which the investors complain to this committee. Again, if Lewis or his enterprises were guilty of any or all those things charged by the department, the laws of the State and of the United States are ample to deal with him and them in the regular order. So far the officials have been able to make good on their charges and secure verdicts in their favor only in the star chamber of the Post Office Department; and to accomplish that much, and to secure the fraudulent rulings, decisions, and other wrongful transactions complained of, it was necessary to take the case out of the hands of the properly constituted officers and to suppress such rulings and decisions as those officers made in the regular order.

Now, if the complainant properly conceives the issues in this case, this is neither time nor place to consider or argue as to the career of Lewis or the good faith and legitimacy of the enterprises, or to take the space necessary to show the untruth of the statements concerning them in the brief for the Post Office Department, except incidentally in so far as it may be necessary to support the complainant's charges against the officials. The questions are not, as the department brief would have it, whether Lewis and his enterprises are guilty as charged by the officials, but whether the officials are guilty as charged by the complainants. Unless this be true the complainants misconceive the case.

If Congress or the committee decides, it may, of course, conduct an investigation into the conduct of Lewis and the nature of all his enterprises and transactions, but that is another matter. On May 27, 1911, the committee called for the complaints of the Lewis Publishing Co. against the Post Office Department. The formal

complaints (charges) were filed under date of June 8, 1911 (pp. 629-637), and evidence in support thereof has been placed in the record. That evidence unquestionably sustains the charges.


To make complete answer in detail, and in particular, to the devices employed by the learned attorney for the department to effect the transposition of the parties in this case, and to clarify the waters, which he has done so much to muddy, would require the writing of a book of from five to seven hundred pages. For that there is neither time nor necessity. The nature of the department brief, however, makes it necessary, in the interest of clearness, to extricate from the mass of irrelevant, immaterial, and unrelated testimony and evidence, and the statements and arguments based thereon, the salient facts and circumstances of the case, and to restate them, even at the risk of some tedious repetition. Condensed and expressed in the briefest manner possible they are as follows:

PEOPLE'S UNITED STATES BANK CASE.

The statute authorizing the Postmaster General to issue fraud orders in certain cases appears on pages 9576-9577 of the complainant's summing up. The People's United States Bank was regularly chartered by the State of Missouri. It was owned by at least 28,000 stockholders scattered throughout the country, who had cooperated with E. G. Lewis in its establishment. It was to do a banking business by mail. Among its unusual features was a free money-order system for its patrons. This feature was not a welcome innovation to the express and banking interests.

This bank was subject to the scrutiny of the constituted State officers. Those officers did as late as June 12, 1905, 4 days before the hearing on the fraud order before Judge Goodwin June 16, 1905, 16 days before his "memorandum" to the Postmaster General with a recommendation that a fraud order be issued, and 24 days before the issuance of the fraud order by Postmaster General Cortelyou, send to the Post Office Department an official statement to the effect that the affairs of the bank were in a condition satisfactory to the State (Ex. No. 2, p. 750).

The bank, then a \$2,500,000 institution and in its formative state, was in charge of a board of directors, made up of the most experienced business men and bankers in the State, who were proceeding with all possible expedition to complete its organization [and establish it on a working basis. All loans made by the bank were properly secured. No person had charged the bank with having made fraudulent representations or false promises. No person had complained of having been defrauded by it. The franchise value of the bank was estimated to be about \$1,000,000.



Upon a letter of criticism of one Nichols, a discharged employee of Lewis, and an alleged invitation of President Lewis (Ex. B-4, p. 2258) to the chief post-office inspector at Washington to investigate and ascertain the facts concerning a certain publication which intimated something improper between him and the local postal officials, an investigation was instituted and carried on into the bank's affairs and financial condition. No law authorized such an investigation by the postal authorities. It was done on assumed authority.

This investigation of the bank was ordered by the chief post-office inspector February 8, 1905 (Ex. B-3, p. 2258). He, among other things, said in his letter to Inspector in Charge Fulton at St. Louis:

I am anxious to have you undertake it personally, but in order to share the responsibility, if you think best, take any one of your inspectors to assist you.

In order to have the affairs of the bank in the most favorable condition for what was to be undertaken, the investigation was delayed for the opportune moment for effectiveness. Inspector in Charge Fulton wrote back to the chief post-office inspector February 11, 1905 (Ex. No. 203, p. 2619), among other things saying:

[I desire to state that for the reason that the stock of the People's United States Bank is not to be issued to subscribers and the bank is not to be completely and distinctly installed until March 4, the inspectors and myself think it unwise to undertake an investigation into the financial responsibility of the bank and other concerns until that time.

The investigation was not begun until March 13, 1905. The inspectors rendered a report (Ex. No. 1, p. 731) on their investigation of the bank dated May 12, 1905. The second paragraph reads as follows:

Before entering upon the case a brief history of Mr. E. G. Lewis's career for the last 10 years may be of interest, as showing something of his conduct and character during that period.

The report is shown to contain numerous misrepresentations, garbled extracts from the promotion literature, and other inaccuracies both as to the career of Lewis and as to the enterprises. The alleged findings therein, however, constituted the basis of the inspectors' recommendation that a fraud order be issued against the "People's United States Bank, its officers and agents as such," and then it says:

[We will submit the evidence and facts obtained as early as practicable to the United States attorney for the eastern district of Missouri, with a view to criminal prosecution for using the mails in furtherance of a scheme to defraud.

A supplemental report dated May 16, states:

[Our report in the case deals with the general conditions and establishes our contention, viz, that a scheme was devised to defraud.

Based upon what was contained in this inspectors' report, a citation was drawn at Washington, dated May 25, requiring the People's

United States Bank to show cause before Assistant Attorney General Goodwin at the Post Office Department why a fraud order should not be issued. This citation was sent forward accompanied by a "memorandum of charges" made up from the inspectors' reports. This was sent through the St. Louis postmaster to be delivered to the bank, but on the order of Inspector Fulton (p. 811) it was held up for delivery at a more opportune moment.

The confidential (?) report of the inspectors on the case was allowed to "leak" for publication under scare headlines at the appointed time, May 31, 1905, in a local newspaper; that is to say, simultaneously with the delivery of the citation to the bank.

The inspectors later secured the return of an indictment by the grand jury against E. G. Lewis for having devised a scheme (the bank) to defraud.

On June 16, 1905, the time appointed by Assistant Attorney General Goodwin, the officials of the bank came on to be heard in response to the citation. A sworn answer was filed (Ex. 485, p. 4809), and an alleged hearing was had.

No official stenographic record (p. 4598) was made of what transpired at the hearing; not even that a sworn answer had been filed. This was a favorable circumstance if the bank or Lewis had engaged later the tendered services of Attorney Leonard Goodwin, of Chicago, brother of Assistant Attorney General Goodwin, and having large practice in fraud-order cases.

On June 26 (p. 2408) Assistant Attorney General Goodwin reported upon the hearing to Postmaster General Cortelyou, and "recommended" a fraud order against "The People's United States Bank, its officers and agents as such," which was his concurrence in the "recommendation" of the inspectors, but he added "and against E. G. Lewis."

In this report to the Postmaster General, Goodwin makes no mention of the sworn answer of the bank, but testified that all of the papers in the case were sent to the Postmaster General, and Mr. Cortelyou testified that he read all of the papers in the case. There is nothing but their words for this.

On June 28 Postmaster General Cortelyou asked the opinion of the Attorney General at the Department of Justice (Ex. No. 483, p. 4631) "whether the plan and methods of business of the People's United States Bank, as disclosed in the report of the inspectors May 12 (with supplemental reports), and as set out in the memorandum of the Assistant Attorney General for the Post Office Department, dated June 26, 1905, are such as to justify the issuance of the fraud order."

"The plan and methods of business" were objectionable to the express and banking interests. Notwithstanding the fact that he asked the Attorney General whether the plan and methods of business

would justify the fraud order, Mr. Cortelyou testified before this committee (p. 5194) that the plan of the bank did not enter into the issuance of the fraud order in any way.

About simultaneously with the issuance of the fraud order against the People's United States Bank, express companies also prohibited their agents from accepting matter addressed to E. G. Lewis or the bank. (P. 9075 et seq.)

Acting Attorney General Hoyt's opinion that a fraud order would be "legally justified," and Postmaster General Cortelyou's issuance thereof were based upon what was contained in the inspectors' reports and in the memorandum of Assistant Attorney General Goodwin dated June 26. The first has been shown to be full of false and misleading statements, and the second was made up largely from memory of what was alleged to have taken place at the hearing of which there is no record.

At the so-called hearing (pp. 4834-4835) it was asked that the bank be given an opportunity to meet all requirements of the department, but that request was denied.

The fraud order was issued on the same date (July 6, 1905) that Acting Attorney General Hoyt rendered his opinion. It closed up and destroyed the bank, and wiped out its \$1,000,000 franchise value.

From the date of the hearing, June 16, until the issuance of the fraud order scarcely 19 days elapsed. Another case of record (p. 9615) required several months' time passing through like processes in the department.

After the issuance of the fraud order the bank applied to Judge McPherson for an order to restrain the putting of the fraud order into effect. In deciding the case finally the judge said that, in so much as the "evidence" upon which the fraud order was issued was "satisfactory" to the Postmaster General, which is all the statute requires, it made no difference what the evidence was, he committed no error of law; that is to say, if the evidence was "satisfactory to him" (Cortelyou) his fraud order was, as Acting Attorney General Hoyt said, "legally justified," and could not be restrained.

Later the criminal case against Lewis for having devised a scheme (the bank) to defraud came on for trial, and when the evidence was all in (the same evidence which was "satisfactory" to Cortelyou for the issuance of the fraud order), the judge (Riner) took the case from the jury and ordered a verdict of "not guilty," saying, among other things, that the evidence of good faith was "overwhelming." (See Ex. No. 4, p. 772.)

As a result of the fraud order a receiver was appointed for the People's United States Bank. He reported, February 5, 1906 (p. 752), that every loan and investment held by the People's United States Bank had been liquidated 100 cents on the dollar, with interest

in full; that depositors had been paid in full, and that he had already declared dividends to stockholders of 85 per cent.

The foregoing are but a few of the significant circumstances in the People's United States Bank case. An impartial open-minded student of that case, if it stood alone, must conclude that those officers, from Cortelyou down the line, were not unbiased, and were not moved to do ~~what~~ they did, and in the way they did it, by a pure sense of duty. Could it be possible that officials, single minded in their respective spheres, would have planned and executed this piece of work from the timing of the investigation along through the concert of action to the end, conforming at each step with the forms and methods of procedure in fraud-order cases where no ulterior motive operates? No. The conclusion is irresistible that forward from first there was a corrupt cooperation and an evident intent to fake a case to carry out a design previously determined. If we have not clearly established a motive for the corrupt design, the facts and circumstances sustain beyond question that the cooperating officials went at it to "make a case" against the bank in their own unreviewable court, and they did it.

Just a few questions concerning Mr. Cortelyou's conduct. Mr. Britt asked him (p. 5124) if after the report and recommendation of the inspectors, and after the Goodwin memorandum and recommendation, he (Cortelyou) thought a case had been made out against the bank, and he answered "Yes; a clear case." Everyone knows that when officials with all the powers of the Government and all its machinery at their command undertake to "make a case" against any citizen or institution, especially where those officials who "make the case" and those who are the final judges of whether a case is made are cooperating, it is about all over with the institution.

Why, if "a clear case" was made out, did Mr. Cortelyou go further and ask a hurry-up opinion from the Attorney General? An opinion from him on a fraud-order case had never been asked before. It was, of course, to fortify himself as best he could with seeming justifications if there should be an inquiry in the future into his conduct.

Why was Cortelyou so specially interested as to go twice, as Goodwin testified (pp. 4770-4862), to the Department of Justice to look after and hurry forward that opinion?

Why did he (Cortelyou) hasten to issue his fraud order on the very same day as the hurry-up opinion was signed—July 6?

In due course a letter from the Attorney General dated July 6 would not have reached the Postmaster General until July 7.

Why did Cortelyou testify (p. 5194) that the plan of the bank had nothing to do with his decision, when he had asked the Attorney General to give him an opinion as to whether the plan and methods

of the bank as disclosed in the inspectors' report and the Goodwin memorandum would justify the fraud order, and if not, to advise him what means were open to him to put a quietus on the bank?

Why did Mr. Cortelyou issue the one-sided statement of the case to the public and the press simultaneously with the issuance of his fraud order (p. 775)? The answer is that he foresaw the avalanche of protest and proposed to head off and minimize it as much as possible.

If this was an honest piece of business why are the 28,000 stockholders, whose interests were alleged to have been conserved, here complaining and willing to sacrifice their all to assist in the effectual exposure of what they know from actual experience to be the rottenness of it?

All the explanations that have been made or that can be made in an attempt to show that the official acts in this case were impartial and taken in the line of duty have failed, and will always fail for the want of good faith in those acts, and conditions to which honest, honorable, impartial public service acts are bound.

The exercise of the fraud order was not justified in this case at all, but if it were it should have back of it the impelling force of unquestionable evidence of definite fraudulent purpose and ample complaints of fraud perpetrated. On the other hand, the facts and circumstances recited in the foregoing are deeply significant of deliberate design to "make a case," and the defense admits that the fraud order was issued because "a clear case" was made out and because it could be "legally justified," as Acting Attorney General Hoyt advised, under a statute that requires no more than that the evidence be "satisfactory to him," the Postmaster General. By the same processes any institution using the mails might be destroyed. It is a mere matter of going after it and inventing the excuse.

Assuming the Postmaster General rightfully possessed it, which is not admitted, the exercise of such drastic and crushing power in good faith required, not that the fraud order be issued because "a clear case" was made out and because it could be "legally justified," but, on the contrary, because of unquestionable evidence of fraudulent purpose and of complaints of fraud perpetrated, its nonissuance could not be justified; in other words, not that it could be done, but that it **must** be done.

The honor and integrity of the Government demanded great caution and hesitancy, and every consideration for the investors, not the cunning planning, the inventions, the determination to make a case, and the haste that characterized these official proceedings. But the moral obligation has no place in the mind of a man who saw his "duty" under such considerations as moved Mr. Cortelyou in this case.

The circumstances of the People's United States Bank case are presented more in detail in chapter 11 of the complainant's summing up, pages 9592 to 9628, inclusive, and the attention of the committee is respectfully invited thereto.

THE FRAUD-ORDER LAW.

Mr. Britt in his brief for the department attempts to make answer (pp. 9973 to 9977, inclusive) to my argument and showing in chapter 1 of my summing up (pp. 9575 to 9591) that Congress never authorized the Postmaster General to issue fraud orders in other than lotteries and similar enterprises for obtaining money through the mails by means of "false or fraudulent pretenses, representations, or promises"; that it was only by the publication of the separate sections of the acts of 1890 and 1895, apart from the others, and as if the sections were separate, distinct acts, that the department itself has been able to construe the law so as to authorize the issuance of fraud orders in cases other than lotteries and similar enterprises, and that it was only by getting the separate sections of those acts before the courts for consideration independently and apart from the other sections of the act that decisions have been secured which seem to hold that the Postmaster General is authorized by Congress to issue fraud orders in cases other than lotteries and similar enterprises.

Nothing in the argument of Mr. Britt or the decisions cited by him refutes my contention that a consideration of the acts of 1890 and 1895 in their entirety shows that Congress never contemplated authorizing the Postmaster General to issue fraud orders, except in cases of lotteries and similar enterprises for obtaining money through the mails by means of false or fraudulent pretenses, representations, or promises; and that no court, certainly not the United States Supreme Court, has ever determined, upon a consideration of those acts together in their entirety, the definite, fundamental question of whether the Postmaster General's authority is or is not so limited. The decision of the Supreme Court (*Public Clearing House v. Coyne*, 194 U. S., 297), cited and quoted from by Mr. Britt, shows that the law was designed to reach "two classes of cases," and mentions them, but nothing is shown to establish that the court did not mean on the one hand lotteries, and on the other similar schemes and devices for obtaining money or property of any kind through the mails by means of false or fraudulent pretenses, representations, or promises.

DEPARTMENT'S BRIEF UNRELIABLE.

Space can not be taken in a rejoinder of this nature to answer all that should be answered in the brief for the department. But it is *not difficult* to prove it generally deceptive and unreliable. I cite

a few instances in connection with the bank case. In my brief (p. 9593) I stated that so far as the record goes attention was first drawn to this bank by Howard Nichols on February 4, 1905. Now, to refute this, or rather seem to refute it, the brief of the department (p. 9977) goes on to refer to complaints "listed on pages 2606 to 2607 of the record." To this quibble I respond that if it be true that the attention of the department was drawn to the bank before the letter of Nichols, there is nothing in the "listed" complaints referred to to show that "attention" was drawn to the bank in a single one of them, and certainly not in a manner or at a time to serve the purpose of instituting such an inquiry as was instituted on the basis of the Nichols letter.

As if in further refutation of my statement that the attention of the department was first drawn to the bank by Nichols's letter, the department's brief (p. 9977) says: "In this connection see also the complaint of William C. Taylor, page 2617 of the record." This alleged complaint speaks for itself, and contradicts the alleged contradiction. It is not a complaint at all. The Nichols letter is dated February 4, 1905. The Taylor letter was received at the department February 6, 1905. The Nichols letter was forwarded February 8, 1905 (Ex. B-3, p. 2258) by the chief post-office inspector at Washington to inspector in charge, Fulton, at St. Louis. The alleged Taylor "complaint" was acknowledged by the department February 11, 1905.

So far as the record shows the Taylor "complaint" is not dated, and was not forwarded to the inspector in charge at St. Louis at all. The excuse for the investigation of the bank was the Nichols letter of criticism. There was no complaint. Again, Mr. Britt says (p. 9978) that—

The statement that no person who had subscribed for stock or who had deposited money in the bank had complained to the department is contradicted by the fact that there were such persons among those complainants whose names are given on pages 2606 and 2607 of the record.

To this I respond that if it be true, which I deny, that the department had complaints of persons who had subscribed for stock in the bank, or who had deposited money in it, the list on pages 2606 and 2607, to which the department's brief refers, does not show it. No one of those "listed," if in truth they were complaints of any kind, mentions the bank at all. Why, it may be asked, if there were bona fide complaints from persons who had subscribed for stock or had deposited money, why were they not placed in the record, and not a mere list of names of persons charged to have complained, without any statement whatever as to the nature of their alleged complaints? The department has made lavish use of the record for alleged evidence

and alleged testimony not a thousandth part so important as would be one bona fide complaint from an investor or depositor.

The truth is that the reason there are no such complaints in the record is because there were none in existence. Is the department brief honest when it seeks by such means to disguise the fact that it had no actual complaint as a basis for the attack upon the bank? Of course it is a bad thing for the department to be shown up as having proceeded without a single complaint and to have set its machinery in motion against the bank upon a mere letter of criticism from a man of the type of Nichols, an employee of Lewis, dismissed for wrongdoing, and who was neither an investor nor a depositor in the bank.

AT THE HEARING.

The department brief (p. 9977, last paragraph) says, "Judge Goodwin testified (p. 4623 of the record) that the inspectors' reports constituted the prima facie case which he called upon Lewis to overturn, and that other facts were taken into consideration than those stated in the report, namely, evidence adduced at the hearing before him on June 16, 1905, which consisted largely of Mr. Lewis's testimony admitting the truth of the charges." As my final word upon this phase of the subject, I wish to emphasize that President Lewis filed at the hearing a sworn answer (Ex. 485, p. 4809) denying the charges in the inspectors' reports, which constituted the so-called prima facie case, and showing that no false or fraudulent representations, pretenses, or promises had, in fact, been made as alleged. Let it be emphasized, too, that notwithstanding Judge Goodwin has testified he based his decision that a fraud order should issue in part upon "evidence adduced at the hearing before him June 16, 1905, which consisted chiefly of Lewis's testimony admitting the truth of the charges," that he made no official record of what took place at that hearing before him and of those alleged admissions, and that Lewis has denied making any admissions which would justify the conclusion of Goodwin that he (Lewis) admitted the making of such false or fraudulent representations, pretenses, or promises as alleged.

OBJECTS AND PURPOSES OF THE INVESTIGATION.

The brief of the department (p. 9978) attempts to meet my statement that the objects and purposes of the investigation of the bank in March, 1905, should have been disclosed to the bank and to Lewis, and that this was not done by saying, "There is nothing in the record to show that Lewis did not understand the purposes and objects of the investigation." In answer to that I quote from the letter of Inspector Stice to Inspector Fulton May 16, 1905 (p. 748), in which Stice admits Lewis did not know, and that the inspectors knew he did *not* know, the "purposes and objects" of the investigation:

Realizing, then, that this investigation was to be more rigid than he (Lewis) had anticipated, and fearing exposure, he immediately took steps to cover the shortage which his own records showed. It was perfectly natural that his attention would be given to the entry that covered the defalcation. That was the subscriptions to stock or the special account. We believe that a further shortage can be shown if we are permitted to check the items of canceled subscriptions, demand subscriptions, and collection account. This we have not been permitted to do.

This is a refutation of the department's statement in its own brief from the department's own records. Furthermore, it shows that the inspectors knew, as charged by the complainant, they had no authority of law for the investigation they were conducting, and that they could carry it on only by permission of the bank.

It is not necessary here to deal with the alleged facts in the above quotation from Inspector Stice's letter. They have already been dealt with and shown to be false. It is sufficient to state that these inspectors were quite capable, "if we (they) are permitted" to show anything and everything in this case, and regardless of the truth of it, which they thought would further their objects and purposes and those of the men higher up. "Detectives are employed to get evidence, and they always get it; many times, however, without any facts whatever to sustain it, which is the reason for the suspicion necessarily attached to this class of testimony." (34 N. Y. Appl. Div., 460.)

"LEGAL AUTHORITY" TO GIVE THE BANK A CHANCE.

The brief for the department (p. 9978) attempts to show that there was want of legal authority for compliance with the contention of the complainant (p. 9594); that the bank and Lewis should have been given an opportunity to make correction of those matters with which fault was found before the department should apply the drastic and crushing fraud order. It is stated this could not be done for want of "legal authority." Complainant insists that if the Postmaster General had authority to issue a fraud order in such a case and for such reasons, he might, if he were not so set on the destruction of the bank, have called its representatives before him and stated to them what he found wrong in the conditions or practices, and then allowed 30, 60, or 90 days, as he might have seen fit, to change those conditions and practices to be satisfactory to the department or suffer the consequences of a fraud order. The bank (p. 9615) asked for such an opportunity, and it was denied.

No legal authority was required for such an act. If the Postmaster General had discretion to issue a fraud order on evidence "satisfactory to him," he had discretion not to issue it until the evidence was "satisfactory to him." He could, by suspending the fraud order over it, have forced the bank to satisfy him of the existence of such

conditions as he chose to impose. It seems absurd for the department to set up in its brief that it lacked specific "legal authority" for such an act in view of its wholesale assumption of such illegal authority in this case as it desired for its purposes.

One instance of comparison will suffice. Attention is directed to Exhibit 5 (p. 775), a "Memorandum of the Postmaster General, as embodied in a statement given to the press July 9, 1905, in relation to issuance of a fraud order July 6, 1905, against the People's United States Bank, its officers and agents as such, and E. G. Lewis, of St. Louis, Mo."

This document the complainant charges is one-sided, unfair, and misrepresents the facts. The last paragraph is as follows:

It is understood that the funds of the bank which have not been borrowed by Mr. Lewis and his enterprises, amounting to about two-thirds of the total amount remitted and deposited in banks, and will be available toward reimbursement of the stockholders, who number upward of 65,000. It is the intention of the officers of the Post Office Department to cooperate with the secretary of state of Missouri in every proper way for the interests of the investors and depositors.

Where did the Postmaster General secure his "legal authority" for the issuance of this pamphlet in the face of the statute directly forbidding it? (P. 778.) Where did the Postmaster General secure his "legal authority" "for the officers of the Post Office Department to cooperate with the secretary of state of Missouri in every proper way for the interests of the investors and the depositors"? That was no duty of his or any of his assistants. The use of public funds to pay those engaged in such work was without authority of law. So it appears in this case that it all depended upon what the Postmaster General wanted to do and didn't want to do. For what he didn't want to do he was without "legal authority," but for what he wanted to do he just assumed the power without "legal authority." As between the two, on the one hand, to give the bank a chance for its life before he should issue the fraud order against it, and on the other hand to assume to cooperate with the secretary of state as he said was the intention. The first was squarely within his authority and the second was wholly outside his authority.

Incidentally it may be stated in connection with the last quotation from Mr. Cortelyou's document that the number of stockholders was not "upward of 65,000" as alleged. The truth is the number was approximately 28,000. The figures given, however, came nearer to the truth and the facts than the department has generally come in its dealings with this case.

The complainant respectfully refers the committee to what is said on pages 9594-9596 of his summing up on this phase of the question.

THE GOODWIN BROTHERS.

On page 9982 of the department's brief an attempt is made to show that Leonard Goodwin, brother of Assistant Attorney General Goodwin, did not, as charged, tender his services to Lewis on behalf of the bank. This is a mere quibble as to form. Under date of October 16, 1905 (Ex. No. 480, p. 4454), ostensibly, Thomas F. Adkin, of Rochester, N. Y., wrote Lewis recommending Leonard Goodwin, brother of Assistant Attorney General Goodwin, as an "attorney of the right kind," and one fitted to do a great deal.

Now the fact that this letter was signed by Adkin is immaterial when the evidence shows that it was dictated by Leonard Goodwin himself in Adkin's office, and that it was signed by Adkin at Goodwin's request. Technically it may be that the recommendation, because the letter bore Adkin's name, was not a tender of Leonard Goodwin's services by himself, but shorn of this technicality and quibble it is precisely a recommendation of Leonard Goodwin by himself, and a tender of his services by himself.

The department's brief (p. 9982) charges that there is no evidence to show that there was "traffic in fraud orders between Judge Goodwin and his brother," but it is shown that Leonard Goodwin had a large fraud-order practice scattered throughout the country. That he came into that practice by reason of his brother's position in the department can not fairly be doubted. If there be no evidence of "traffic" between the brothers, there is at least some ground for suspicion, from the large practice of Leonard Goodwin, that there may have been some secret underground system of communication between them for some purpose.

There was no need, as the fraud-order business was handled, for Leonard Goodwin to appear before his brother openly in the department. Samuel Jones makes affidavit (Ex. 90, p. 1649) that Leonard Goodwin told him how he (Goodwin) managed his fraud-order business, and that he claimed a most extensive practice in that line.

UNRESTRICTED FRAUD-ORDER POWER THE CAUSE.

Except in the case of lotteries and similar enterprises, the basis of all fraud orders is the making of false or fraudulent representations, pretenses, or promises in the literature of the person or institution doing business through the mails. In most advertising and promotion literature there is some element of misrepresentation or false pretense. Hence the field for fraud orders and fraud-order practice can be made as large as desired by those operating it.

To a certain extent false and fraudulent representations, pretenses, and promises are relative propositions and questions of opinion. The courts have held that ordinary trade exaggerations are permissible

and do not amount to fraudulent misrepresentations. But that rule does not bind the Postmaster General.

Whether it be true or not, it is a fact that hundreds of thousands of people suspect or believe there has been traffic in fraud orders, if not for direct material profit, then for purposes of public notice, and the indirect profit from that. If there had been a deliberate design to create conditions favorable for such traffic, a better than the existing system could scarcely have been devised. So long as it rests with any one man to determine according to his discretion, and under star-chamber methods, what is and what is not "vicious," the suspicion and belief will continue to exist and to grow. It is the bounden duty of Congress to protect citizens, the guilty with the innocent, from machinations of both the obsessed and the grafting official. The utmost openness to inspection of all the records in the department and a comprehensive court review only will restore public confidence in the integrity of that department.

Of course a complete and perfect remedy for the existing unwholesome conditions would be the determination by a proper authority that the Postmaster General's power to issue fraud orders under existing law is limited to lotteries and similar institutions for obtaining money through the mails by means of false or fraudulent representations, pretenses, or promises, the statute for dealing with other frauds being Revised Statutes, section 5480, as shown in chapter 1 of complainant's summing up.

POSTMASTER GENERAL'S POWER SWEEPING.

As the fraud order statute is interpreted and administered the Postmaster General can, if he chooses, find evidence "satisfactory to him" to cut off the use of the mails from the majority of advertisers and promoters, on the basis of false or fraudulent representations. It is merely the question of a man with a right vision, the necessary bullheadedness, or the craving for notoriety. He is the judge of when the representations, pretenses, or promises are sufficiently "vicious" to move the department. It is not necessary for actual fraud to have been committed, or to have a complaint from any person claiming to have been defrauded. His inspectors "make a case"; that is, they furnish evidence "satisfactory to him" that "vicious" false, or fraudulent representations, pretenses, or promises have been made, and that money or property has been secured by reason of them. It makes no difference what the evidence may be if it be "satisfactory to him." Then a fraud order may issue, and if he chooses without notice and without a hearing. No court can interfere with its operations. After a fraud order is issued not even

a post card or a newspaper will be delivered to the person or institution against which it is directed.

That no Postmaster General has yet made a spectacular campaign against advertising in general, which offers such a wide field for operations, is no guaranty that there will not soon be one who will make astounding strides in that direction. The present interpretation of the law that the scope of the Postmaster General's authority is not restricted to lotteries and similar enterprises invites it, and conditions court it.

Assistant Attorney General Goodwin testified (p. 4478):

Prior to this decision (*American School of Magnetic Healing v. McAnnulty*, 187 U. S., 94, 1902), however, it was well established in the lower Federal courts that the determination of the question whether a particular enterprise was vicious involved the exercise of judgment and discretion by the Postmaster General, and that this very fact operated to place his determination beyond the control or review of the courts by means of mandate or injunction.

If therefore the Postmaster General, or the Assistant Attorney General acting for him, considers the enterprise "vicious," it may be the end of that enterprise.

FRAUD-ORDER PROCEDURE AND "PRACTICE."

It will be beneficial to consider briefly the method of fraud-order operations. The post-office inspector visits a citizen or institution, and makes an investigation. No law authorizes such investigations, but they are carried on nevertheless. This investigation may be on the inspector's own initiative or on instructions from Washington. The party attacked somehow scents a fraud order and knows its destructive power. He may be made to know that there is somewhere an "attorney of the right kind" for such business. If this attorney be engaged, it will be to "fix up" or "tone" the literature so that it will no longer be subject to objection. He knows how to fix it. That's why he is "an attorney of the right kind." A citation to a hearing may or may not be issued on the inspector's report and recommendation. So far no serious objection should be made to the "practice."

The situation is different when the attorney has a brother in the department with power to decide when the alleged false or fraudulent representations in any case are sufficient to warrant action, and when amended literature cures objections, and who, after the receipt of the report and recommendation of an inspector, is the officer to decide whether a citation shall be issued, and whether if one be issued and there be a hearing thereon a fraud order shall or shall not be issued. All that is necessary is that the evidence be "satisfactory to him" to act or not to act. It works both ways. There

is no record of what takes place before him at hearings, and no court can review the evidence "satisfactory to him." Might not the brother in authority in the department be influenced by the knowledge that his brother in the field had "fixed" the literature and removed the objections? It is most natural.

It is not necessary that there be anything actually wrong with the representations, pretenses, or promises, or that there be a complaint against the user of the mails to be visited by a post-office inspector, or be cited on his report to appear at the department.

Fraudulent representations being largely a matter of opinion, the inspector, on his own notion and motion, or on instructions from the department, demands books and papers and investigates any business using the mails. Of course, permission may be denied, but that is seldom done.

The inspector reports upon his investigation and makes his "recommendation." The victim, of course, unless deliberately told or "tipped off," can only surmise the nature of the "recommendation." To head off citations and fraud orders, after citations have been issued upon the investigations and reports, appears from the Jones affidavit (Ex. 90, p. 1649) to be the chief business of Attorney Leonard Goodwin, whose brother decides in the department on each individual case, according to his discretion, what shall be done. This practice could be carried on without any appearance at the department.

The opportunity for fleecing innocents by means of "framed up" cases, for tempering the wind to those who employ "an attorney of the right kind," and for jobs like that in the Peoples United States Bank case are tremendous and apparent.

It is no doubt true that many fraud orders are issued against actual frauds. But it may be as truly said, if all the facts could be ascertained, that many an innocent man and many a legitimate business have been ruined in order to make a reputation for a post-office inspector, or an Assistant Attorney General, or a Postmaster General, or for all of them, upon which they might mount to, favor in the department or when they leave it. The use of the mails for fraudulent purposes should be prevented, but it is the duty of Congress to protect the citizen against false or fraudulent operations and acts by those in authority, whether the result of official obsession, overzeal, ignorance, mistake, or a deliberate design to misuse public authority for a personal or private purpose.

The reports of fabulous millions said to have been lost to the people by means of fraudulent representations through the mails are largely, if the facts could be ascertained, the result of an obsessed imagination. The late spectacular crusades and raids, for advertising purposes, planned and executed by the Postmaster General, must have some-

thing big and astounding to justify them. The reports might have read "billions" instead of "millions." Who can prove the amounts true or untrue? But those who believe in a government of law and that administrative officers are best who hesitate long before straining their authority continue to see the real duty of the Postmaster General and his assistants to be to manage and direct the postal service.

NO COMPLAINT OF FRAUD-ORDER TRAFFIC BEFORE COMMITTEE.

As the representative of the complainants in this case I have not charged "traffic in fraud orders between Leonard Goodwin and Assistant Attorney General Goodwin" (p. 9982, department brief). The charges in that relation, whatever they are, were drawn from Witness Lewis, or gotten into the record by the attorney for the department by means of introducing articles written by Lewis and published in his publication, which are construed to amount to such charges. All I have done as the representative of the complainants is to show that Congress did not authorize or intend the interpretations which are put upon the fraud-order law and the practices under them, and which interpretations and practices are responsible for whatever suspicion exists and for actual fraud-order traffic, if any exists. It may be remarked that the department in the testimony and in its brief (p. 9982) protests a good deal that there is "no evidence in the record that there has been traffic in fraud orders." There is such a thing as protesting too much.

So long as the only requirement is that the evidence be "satisfactory to him," the Postmaster General (or the Assistant Attorney General acting for him), to cause an investigation of a citizen's business, with or without complaint, and to cause or not to cause a citation to be issued upon what the inspector's report thereon purports to disclose, and to cause a fraud order to be or not to be issued, the fraud-order operations of the department are certain to be under suspicion; but actual traffic is never under such conditions likely to be proven, no matter how boldly it may be carried on.

If the Goodwin brothers were actually concerned in such traffic, which I do not charge, for I can not prove it, does anybody believe two shrewd lawyers, so operating under such favorable conditions, would be foolish enough to leave tracks by which they could be followed?

A RECOMMENDATION.

Since the fraud-order operations of the Post Office Department have long been a scandal on the postal service, it may not be so much out of place here to make a recommendation while the subject is fresh in the mind. Therefore I venture to suggest to the committee that

if the present unrestricted interpretation of the law is to be allowed to stand it should be supplemented by a statute which will require a bona fide complaint of fraud perpetrated before the investigation shall be instituted; that the report of the post office inspector, if he is to be allowed to enter and search private places and books, shall show all the facts both pro and con; that he shall make no recommendation whatever; that the accused shall be furnished with a copy of his report and recommendation; that the official in the department having jurisdiction shall review the report and determine whether a citation shall issue; that if a hearing be held upon a citation there be a stenographic report of what transpires at the hearing; that the conclusion of the officer that a fraud order shall or shall not be issued, his reasons for such conclusion, after a recital in the record of all the facts presented both pro and con, and not one side only, shall be of record; and that after all, every citizen aggrieved by the issuance of a fraud order against him or his business, shall have the right to have the official action and the evidence reviewed in court.

There is very little likelihood that a person or an institution guilty of actual fraud will offer much resistance to the issuance of a fraud order when he knows the facts of record are against him; but a citizen who is charged with wrongful use of the mails and who is not guilty should certainly have a decent opportunity to protect himself and his business against official mistake or wrongdoing.

An argument heretofore advanced by the department is that if court review be allowed the delay permits the continuance of the fraud. If thought necessary to meet this objection the legislation might provide for the impounding of the mail pending the decision of the court.

FURTHER REJOINDER.

As for any of the other matters in the brief for the department no time need be wasted upon them here. The attention of the committee is respectfully directed to chapter II, in its entirety (pp. 9592 to 9629), of the complainant's summing up (Doc. No. 70), for his further rejoinder to the brief of the department in relation to the case of the bank.

THE LEWIS PUBLISHING CO.

The Lewis Publishing Co. case is a companion to that of the People's United States Bank. The two are closely related and interwoven, not as a matter of law but as a matter of "concerted" official action. It serves best the purposes of this rejoinder to the brief of the department, to deal with this case in much the same manner as that of the bank. An answer in detail, and an exposition of the manifold devices employed in the department's brief to cloud or obscure the essential elements, and the basis of the case would require more time than is allowed. It will, as in the bank case, contribute to clearness to extricate the cardinal matters from the mystic maze into which they have been woven, and let them speak for themselves. These are accompanied by such comment only as is necessary to understanding. The statutes, facts, and circumstances, expressed as briefly as possible, are as follows:

STATUTES AFFECTING SECOND-CLASS MAIL MATTER.

The act creating and fixing the conditions for the second class of mail matter was enacted in 1879 (pp. 9631, 9632). This act gave publishers of newspapers and periodicals extremely low rates on their publications.

In 1884 (p. 9632) Congress enacted a reduced general public rate of 1 cent for each 4 ounces or fraction to each single address on second-class matter, when sent by others than the publisher or news agent. (Prior to this act such matter when sent by others than the publisher or news agent was subject to the regular printed matter rate, 1 cent for each 2 ounces or fraction.) This rate, which must be prepaid by stamps affixed, is known as the "transient" second-class rate. It applies to any newspaper or periodical of the second class mailed by the general public at any post office.

In 1885 (p. 9632) Congress reduced the publishers' bulk rate on all copies, including samples, of matter of the second class to 1 cent per pound (paid in money) when sent "from the office of publication"; and when sent by news agents to subscribers or other news agents, except as provided in section 25 of the act of 1879 (p. 9632), which section continues the free of all postage rate on copies sent to subscribers residing in the county where the publication is printed and published, when called for at the post office of address, and fixes

the rate of 1 cent per copy on newspapers (excepting weeklies), regardless of weight, and 2 cents per copy on periodicals exceeding 2 ounces in weight when addressed for delivery from the post office of entry by its letter carriers.

The postage rate for matter of the second class established by the acts of 1884 and 1885 depends upon whom the sender happens to be. Those established by section 25 of the act of 1879 depends upon whom the sender happens to be, and also upon the service to be performed, and in part upon whom the addressee happens to be. The conditions for original classification of "publications of the second class" under the act of 1879 have never been changed. The administrative function of classification under the provisions of that act is separate from the function of charging the proper rate upon matter of the second class at the time it is mailed. The first is performed by the department at Washington, and the second by the postmasters throughout the country.

The act of 1901 (p. 789) provides that when a publication has been accorded second-class mail privileges—that is, has been classified under the act of 1879—the same shall not be suspended or annulled without a hearing to the parties interested.

The act of 1905 (p. 9632) makes the submitting of false evidence for the purposes of securing admission of a publication to the second class—that is, securing classification under the act of 1879—a misdemeanor and provides a penalty.

The act of 1910 (p. 1785) provides that when any copies of a publication of the second class mailed by the publisher be undeliverable at the address thereof the postmaster at the office of destination shall notify the publisher, giving the reason; and that later, if copies continue to come to the same address, they shall be returned to the publisher charged with the third-class rate, which is the penalty for his failure to comply with the notice sent.

EXISTENCE OF PUBLICATION DEPENDS ON SECOND-CLASS RATING.

Without having second-class rating—that is, the second-class mailing privileges under the act of 1879—for his newspaper or periodical, no publisher could do business, for if the publication be not of the second class it is of the third class. The rate for the latter class is prohibitive to publishers of newspapers and periodicals. No publication in that class could compete with a publication "of the second class."

CONDITIONS OF ADMINISTRATION IN 1905.

Except for the act of 1910, such was the state of the law in March, 1905, when Postmaster General Cortelyou began his campaign against the Lewis Publishing Co., one of approximately 25,000 publishers in

the United States. The company's publications, the Woman's Magazine and the Woman's Farm Journal, were two of approximately 30,000 independent publications, all using the second-class mails.

From the passage of the act in 1879 to the year 1901, a period of over 20 years, the Post Office Department administered the provisions of the act of 1879 with great liberality, even laxity. The publishers of the country assumed, and were entitled to assume, that their publications and practices, whatever they were, being well known to the department and not objected to, and indeed often positively sanctioned, were not obnoxious to law.

About the year 1889 the department began in its reports to call the attention of Congress to alleged abuses in the second class. The department contended that, having directly or impliedly sanctioned the practices it was complaining of and they being so thoroughly entrenched by usage, it was powerless to correct them administratively, and called upon Congress for corrective legislation. The subject was several times considered on the floor of Congress, but no action was taken.

In 1901 the then Third Assistant Postmaster General (Madden), having administrative jurisdiction of the subject, laid before the then Postmaster General (Smith) a plan for an administrative correction of the abuses in so far as he believed they might properly be corrected by administrative action.

After presentation to the then President (McKinley) and his Cabinet, Postmaster General Smith advised the Third Assistant to proceed with his proposed reform, but to exercise great care to keep within the four corners of the law, not intrench upon or curtail the lawful rights of publishers, and give them the benefit of any doubt. The reform work began in October, 1901.

The practice of publishers which it was now proposed to reform having continued for many years with the full knowledge of the department, and often its direct sanction, the considerations of equity on the side of the publishers were many.

The reform work had reached the so-called mail-order class of publications in 1904, under the administration of Postmaster General Payne. The Woman's Magazine and the Woman's Farm Journal, of the Lewis Publishing Co., were in this class.

Substantially all magazines are mail-order publications, but only the less elaborate and cheaper use the sample-copy privilege. One of the alleged abuses in that class which it was proposed to correct, and which had already been "reformed" in some of the other classes of publications, was that of mailing unreasonable numbers of sample copies. This reform in this class, as in others was to be brought about by the enforcement of the 100 per cent limitation on the number of samples, based upon the subscription list, as provided in paragraph

6, section 456, Postal Laws and Regulations (p. 9632), the curtailment being effected by citations to hearings under the act of 1901 and the threat of exclusion contained in that paragraph, unless curtailment followed. (See illustrative case of *Conant v. Payne*, Ex. 17, p. 950.)

The limitation on samples contemplated by that regulation and its predecessor (par. 5, sec. 290, Postal Laws and Regulations, edition of 1893), had prior to the reform, with the full knowledge and without objection by the department, been disregarded by publishers of mail-order publications.

The administrative act excluding a publication under this regulation, if it were to be taken on the publisher's refusal to limit his samples, could lawfully be only after a hearing, as required by the act of 1901. It was the custom, however, often without citing a publisher to a hearing, and always after, to allow corrections of any objectionable practices and leave the classification of the publications undisturbed. This practice is shown by the case of *Conant v. Payne* just cited. *Conant's* publication (*Salvation*) was not of the mail-order type. The reform in its class had been worked out, or nearly so. After several opportunities, *Conant* refused to correct objections and *Salvation* was excluded. The 100 per cent limitation upon sample copies was in that case held by the court to be reasonable and the habitual disregard of it a proper ground for cancellation of the privileges of the second class.

Under the administration of Postmaster General Payne, some time before Mr. Cortelyou became Postmaster General, the reform work in the mail-order class of publications was halted by the courts of the District of Columbia issuing restraining orders in the case of about 19 separate publications. In this class the *Woman's Magazine* and the *Woman's Farm Journal* of the Lewis Publishing Co. belonged, but the company was not among those who secured the restraining orders.

These 19 publishers had been cited to hearings under the provisions of the act of 1901. There was doubt as to the legality of some of the rules and restrictions proposed to be enforced against these publications, especially after their long continuance without such restrictions, among which was the 100 per cent limitation upon samples. The *Conant v. Payne* case had not been decided then. It was therefore desired by both Postmaster General Payne and Third Assistant Postmaster General Madden to await the judicial determination of the questions raised by those restraining orders. Thereupon it was agreed that the reform work, not only in those 19 cases but upon the entire class in which those publications belonged should be stopped until the legal questions raised were settled.

The first rule of the reform, and chief to its success, was the *temperate, uniform, and just enforcement of the new rules among all*

publishers of the same class of periodicals who were in substantially similar situations. What was now objected to by the department had long continued without objection. A succeeding administrative officer might abandon the new rules and restrictions and return to the former lax administration. These administrative conditions, together with the doubt of the legality of the rules now proposed to be enforced, therefore created such considerations on the side of publishers that the department was bound in common decency to move forward with the utmost care as to their legal and moral rights. If the new rules were lawful and just they would receive judicial approval. That would spike them down for the future and give uniformity and stability to the service.

Again, manifestly, if a publisher ceased a practice to which the department objected there would be no ground for excluding the publication; but even if it were excluded because thereof, it would of necessity have to be readmitted when the objections were removed.

Such considerations were mentioned in the memorandums on the Lewis case from Third Assistant Postmaster General Madden to Postmaster General Cortelyou, June 8 (p. 812) and July 8, 1905 (p. 832).

The foregoing situation as to the law, administration, and publishers fairly required that whatever was proposed to be done under the law of second-class mail matter should be done in consideration of them, and through the trained officers of the Classification Division and the Third Assistant Postmaster General, who had devoted many years of his attention to the subject.

Now, whatever the practices of the Lewis Publishing Co. with regard to its Woman's Magazine and Woman's Farm Journal, and whether or not they violated the postal regulations, they were substantially the same as those of other publishers of the same class of mail-order periodicals; and those practices and violations, if they were such, had long continued with the sanction of the department, and until now when it was proposed to reform them. But the reform movement was now itself suspended, under the restraining orders of the court, to wait the determination of the questions as to the legality of the rules, regulations, and restrictions to be enforced. Mr. Cortelyou became Postmaster General March 4, 1905, while the suspension was in force, and forthwith singled out the Lewis Publishing Co. for action.

CORTELYOU'S OPERATIONS.

Within a few days after Mr. Cortelyou became Postmaster General the post-office inspectors in St. Louis, his special representatives, headed by R. M. Fulton, conducted an investigation, or rather a so-called "exhaustive inquiry into the publication methods of the

Lewis Publishing Co." This "inquiry" was carried on in conjunction with an investigation by the same inspectors into the affairs of the People's United States Bank, and into other enterprises originated by E. G. Lewis.

The statutes in relation to the second class of mail matter were the same then as they were theretofore, and simply enumerated the requirements which a newspaper or a periodical should in itself fulfill to be entitled to that classification. The law of second-class mail matter did not then and does not now make that classification dependent upon any question concerning "publication methods." All the questions as to that classification relate to whether the thing to be mailed, namely, the tangible newspaper or periodical, complies with the conditions in the statute. A publication which complied in itself with the statute is entitled to be mailed as matter of that class, regardless of whether the publication methods of the publisher are good or bad.

Furthermore, neither Postmaster General Cortelyou nor Inspector Fulton, who acted for him in St. Louis, ever investigated, or undertook during their respective terms of office, the determination of the right of any other newspaper or periodical to be mailed as matter of the second class. Both were strangers to the subject. All other investigations and all determinations of questions in relation to postage rates, and especially as to that class of mail matter, except in this one case, were handled in the regular order according to established practice, and the Postal Laws and Regulations, in the Classification Division, Bureau of the Third Assistant Postmaster General. "Publication methods" were not there investigated or considered in determining the questions of mail classification and postage rates.

CLASSIFICATION DIVISION.

The Classification Division was equipped for its work with a force of officers specially trained in that particular subject of administration. Owing to the importance of the subject and the extent to which the whole publishing industry was affected by and dependent upon the proper and uniform administration of the law of this class of mail matter, Congress had authorized "special counsel" for all legal questions in that class, and, in addition, a corps of "special agents," specially trained men to carry on any field investigations required in due course of uniform administration of that subject. The Third Assistant Postmaster General having jurisdiction of the subject had ceased to employ post-office inspectors on such missions, because of their lack of restraint and their disposition always to "make a case" and to report only such matters as would sustain their conclusions and recommendations.

Neither Mr. Cortelyou, nor Inspector Fulton, of St. Louis, nor any other person concerned in this so-called "exhaustive inquiry into the publication methods of the Lewis Publishing Co.," consulted with the Third Assistant Postmaster General, or the Chief of Classification Division, or the special counsel or any other officer in that bureau prior to the institution of this investigation and the report upon it which reached the department May 20, 1905, in the same mail with the reports of the same inspectors on the other enterprises of E. G. Lewis.

There was no authority of law for such an investigation as that conducted by Mr. Cortelyou and his post-office inspectors. It served no postal purpose, had no precedent in postal administration, and it was damaging to the local credit and standing of the Lewis Publishing Co.

POST-OFFICE INSPECTORS "MAKE A CASE."

The inspectors' report upon the "exhaustive inquiry of the publication methods of the Lewis Publishing Co.," dated May 17, 1905, appears on page 798 of the record. (See also note, p. 9634.) After the report reached the department it was sent to the Third Assistant Postmaster General to carry out the recommendations of the inspectors. One of those recommendations was that—

The position taken by the honorable Third Assistant Postmaster General, viz, that the case will not be decided until a decision has been reached in the other cases where injunction suits have been entered against the department, we hope may be reconsidered and the case of the Woman's Magazine taken up at once and a decision rendered by him on the application for entry, for the reason that the financial interests of 100,000 people are in danger, as shown by our report on the investigation of the People's United States Bank. These questions are in no sense present in the cases covered by the injunction, but are additional arguments for the revocation of the second-class privileges accorded these two publications.

Another recommendation was that the Woman's Magazine, the larger of the two publications, be summarily denied, without notice to the company, the second-class rates; and the third was that the company be cited to show cause why the entry of the Woman's Farm Journal should not be canceled. These recommendations were based upon the general criticism and condemnation of the "publication methods" contained in the report; that is to say, the inspectors had "made a case," according to their peculiar methods against the company and against its magazines.

"CONCERTED ACTION."

While report of the inspectors was pending before the Third Assistant Postmaster General, the inspectors wired to Washington (p. 811) for "concerted action," meaning on the one hand action on

their recommendation for the issuance of a fraud order against the People's United States Bank, and on the other hand, their recommendation for the exclusion of the Lewis Publishing Co.'s magazines from the second class of mail matter, which would mean the simultaneous closing down of both institutions.

On the same date, namely, May 31, 1905, as the inspectors wired for concerted action, the substance of their report upon the "publication methods" of the Lewis Publishing Co. was published in the Post-Dispatch, of St. Louis. (Ex. 7, p. 816.)

The Third Assistant Postmaster General, acting with advice of "special counsel," decided not to follow the inspectors' recommendation for summary action, but to cite the company to a hearing. However, the attention of Postmaster General Cortelyou (p. 812) was called to the irregularity of his proceeding and to the fact that there was no reason in law for the "concerted action" proposed.

HEARINGS.

The case of People's United States Bank was heard before Assistant Attorney General Goodwin on June 16, 1905; and the case of the Lewis Publishing Co. was heard before the Third Assistant Postmaster General June 17, 1905. Postmaster General Cortelyou, and Assistant Attorney General Goodwin acting for him, found evidence "satisfactory to him" (Cortelyou) to issue the fraud order against the bank, and it was issued July 6, 1905 (Ex. A, p. 2433). On July 8 (Ex. No. 8, p. 833), two days later, the Third Assistant Postmaster General rendered a comprehensive report to Mr. Cortelyou, who was also conducting operations against the publishing company's magazines, that there was no reason in law or practice for disturbing the second-class status of the magazines, as recommended by his inspectors.

REPORT OF THIRD ASSISTANT POSTMASTER GENERAL.

The report of the Third Assistant Postmaster General made a painstaking comparison of the Lewis Publishing Co.'s magazines with a number of others and showed that if there were abuses at all they were much less liable to be so charged than many others mentioned; that certainly they were not clear cases and that "the reform (the reform of abuses of the second-class mail matter) if it is to be carried on, must be carried on by establishing our contentions in cases where they are palpably correct." The Third Assistant Postmaster General's report then said:

If you direct it, an investigation along the usual lines pursued by this bureau can be carried forward in respect of these publications; but, in my judgment, such a course can best be followed later, when the determination of the department in the cases of some other mail-order publications, which are far clearer and more flagrant and which are now before the courts, have received judicial approval.

The foregoing referred to the legal questions which had been raised by the restraining orders, and by reason of which the reform movement had been suspended in the mail-order class of publications, which suspension Inspector Fulton recommended should not be allowed to apply in the case of Lewis Publishing Co.'s magazines.

STANDING OF WOMAN'S MAGAZINE.

The Rowell Advertising Agency, of New York, at that time (p. 630) placed the Woman's Magazine third in the United States as a mail-order advertising medium. Everybody's Magazine and the Ladies' Home Journal were the only two publications placed above it. The Saturday Evening Post, McClure's Magazine, and Collier's Weekly followed it in the list.

OFFICIAL PRACTICE.

In regular practice (in every case except this one) decisions, rulings, etc., made in the Bureau of the Third Assistant Postmaster General were upon the letterheads and over the signature of the Third Assistant Postmaster General, and without consultation whatever with the Postmaster General. The postal regulations (sec. 16) provided that the Postmaster General would consider only appeals from such decisions. This case, therefore, was an extraordinary exception due to Postmaster General Cortelyou's unusual interest. That interest accounts for the special report of the Third Assistant Postmaster General to him July 8, 1905, just mentioned. It was without precedent. The report also contained a form of decision in the case which the Third Assistant Postmaster General proposed to hand down in the regular order through the local postmaster to the company.

CORTELYOU CONSENTS TO REGULAR PRACTICE, EXCEPT NOTICE.

Under date of July 12, 1905 (p. 828), Postmaster General Cortelyou responded to the Third Assistant Postmaster General's report of July 8 on the case of the Woman's Magazine and Woman's Farm Journal. Apparently he accepted the suggestion that thereafter the case be handled along the usual lines, for he appeared to hand over the case to the bureau of the Third Assistant Postmaster General, but he directed that the usual notice of the decision made upon the hearing of June 17 previous be not given as contemplated by the Third Assistant Postmaster General and as would have been done in regular practice. This left the company in ignorance of the decision on the citation to which it had responded, and was really only a "paper" reference, as subsequent events proved.

Mr. Cortelyou's suppression of the decision which had been made by the Third Assistant Postmaster General on the report of his

inspectors, and the hearing of June 17, 1905, will be understood as having connection with the indictment of Lewis and the other officers of the publishing company later for alleged conspiracy to defraud the Government of revenue on the magazines. The decision if handed down in the regular way would have been likely to embarrass future operations.

DEPARTMENT RULES TO BE PUBLISHED FOR GUIDANCE OF PUBLISHERS.

On July 19, 1905 (Ex. 10, p. 855), Postmaster General Cortelyou formally agreed to the proposition of the attorneys for the 19 mail-order publications on whose behalf the Supreme Court of the District of Columbia had issued restraining orders, as previously explained. The publishers were to dismiss the restraining orders, and the department was to publish definite rules to be applied in the reform in connection with publications of that class, and allow time for adjustment to them, before proceeding to their enforcement. The Circular 111 (p. 2469, office rules of the Third Assistant Postmaster General), of December 20, 1902, had by this time been abandoned on advice of special counsel that it contravened the law, and the rules laid down in the Postal Laws and Regulations, edition 1902, furnished no real guide to publishers. (See last paragraph, p. 1072.)

LEWIS CASE TO BE HANDLED UNDER NEW RULES.

On July 21, 1905 (p. 856), the Third Assistant Postmaster General advised Postmaster General Cortelyou, in response to his memorandum of July 12, that he had assigned the case of the Lewis Publishing Co. magazines to be handled in the usual order in the Classification Division under the rules which he (Cortelyou) had two days previous promised the attorneys for the mail-order publishers would be issued for their guidance in the conduct of their business. Mr. Cortelyou made no response, for he did not intend that the case should take its natural order.

THE NEW RULES—CIRCULAR XXV—HELD UP.

The rules promised by Mr. Cortelyou July 19, for the information of publishers of mail-order publications, were formulated by the Third Assistant Postmaster General in due course of business in his bureau. They were known as "Circular XXV." When drafted they were submitted to Mr. Cortelyou for approval. On one excuse or another their publication was delayed by Mr. Cortelyou. The circular was being held up by him while his inspectors in St. Louis instituted the second investigation in October, 1905, into the publishing company's business, the basis of which was the demand of the *St. Louis* postmaster (who now for the first time appeared in

the case) for the execution of entry blanks for the two magazines. The operations to construct a basis for this investigation are shown by the letter of Fulton, October 11, 1905, to the St. Louis postmaster, instructing him to call for the execution of the entry forms (Ex. 231, p. 2676); the St. Louis postmaster's letter of October 11, 1905, to the Lewis Publishing Co. calling on the company for the execution of the forms (Ex. 73, p. 1338); the letter of E. G. Lewis to the postmaster at St. Louis, October 12, 1905, returning the executed forms (Ex. 234, p. 2678); the telegram of October 12, 1905, from the chief post-office inspector at Washington to Fulton in St. Louis, informing him that Mr. Cortelyou was "fully advised" (Ex. 223, p. 2677); the letter of October 13, 1905, from the St. Louis postmaster to Inspector Fulton recommending an investigation of the subscription lists of both magazines (Ex. 235, p. 2679); the letter of October 13, from inspector Fulton to E. G. Lewis, advising him that Inspectors Stice, Sullivan, Reid, and Sullivan had been detailed to make an investigation (Ex. 249, p. 2696); and the memorandum of October 14, 1905, from the Third Assistant Postmaster General to Postmaster General Cortelyou transmitting E. G. Lewis's letter of October 12, 1905, complaining of the St. Louis postmaster's demand for detailed information on 24 hours' notice (Ex. 67a, p. 858).

OFFICIAL PERFDY.

In the memorandum of October 14, 1905, the Third Assistant Postmaster General called Mr. Cortelyou's attention to his second departure from the usual practices in so dealing with the Lewis Publishing Co.'s magazines, and to the fact that on July 12 previous he had assented to the case taking its natural order with all others, and to the fact that he was at that time holding up Circular XXV from publication. The effect of publishing Circular XXV would have been to advise the Lewis Publishing Co. and all other publishers definitely of the rules of the Third Assistant Postmaster General's office. The circular would also have shown that the existing practices, if wrong according to the circular, were to be tolerated until April 1, 1906, following. On that date Circular XXV would take effect. Publication of Circular XXV in due course would therefore have defeated the plans for securing the indictment of Lewis and the other officers of the company based upon alleged violations of law in the practices followed by the Lewis Publishing Co., which were no different from the practices of other publishers and which were and would be up to April 1, 1906, sanctioned. Mr. Cortelyou's suppression of the Third Assistant Postmaster General's decision of July 8 previous, showing that the Woman's Magazine and Woman's Farm Journal were superior of their class, and were not in violation of law, likewise facilitated

securing the indictment based upon the findings in an alleged investigation in September and October, 1905, which purported to show violations of law.

INSPECTOR FULTON EXPOSES PLAN OF OPERATION.

On October 10, 1905 (Ex. 413, p. 3686), just before operations began, Fulton in St. Louis wrote the chief post-office inspector at Washington, who was keeping Mr. Cortelyou "fully advised," explaining how matters were being manipulated in St. Louis to "connect" Lewis and the others, and "make a case" on which to base an indictment of the publishing company's officers. He was to show that the "law" was violated by mailing copies of the company's two magazines at the publishers' cent-a-pound rate, which should "according to the law" be stamped "1 cent per copy." This letter shows that the United States district attorney was then cooperating with the inspectors in the matter of securing the indictment. The letter also shows that the inspectors had a confederate, an "informant," in the employ of the Lewis Publishing Co., and that in the month previous "inquiries" had been sent out to the company's patrons throughout the country. It is very important to note that in this letter Fulton states that action had already been taken in the way of holding up copies (300,727) of the Woman's Farm Journal, and that he did not expect to have time to "perfect a case" against Lewis and the others on the Woman's Magazine in time to present it to the grand jury.

This letter makes comparatively clear the plan and operations to secure the indictment. The offense to be charged against Lewis and the others was conspiracy to mail at 1 cent per pound more copies than the "form of the statute" permitted at that rate; they were to show such excess mailings, and that the Government was defrauded of the difference between 1 cent per pound and "1 cent per copy" on the excess, whatever the number of such excess copies might be.

"FORM OF THE STATUTE."

Now, the alleged limits fixed on the 1 cent per pound rate were not in truth, as later charged in the indictment, in the "form of the statute" at all; neither were they in the "form" of any postal regulation. The only place those limits appeared was in "Circular III" (p. 2469) published December 20, 1902, by the Third Assistant Postmaster General and appearing in the January, 1905, Official Postal Guide. The circular had been abandoned on advice of counsel that it contravened the law. The ruling in this circular never approached the dignity of, and never appeared as a postal regulation in the Postal Laws and Regulations.

AN OFFICE RULE AND POSTAL REGULATION.

There is a wide difference between a postal regulation published by the Postmaster General for the guidance of the whole postal service and a ruling made in the office of the Third Assistant Postmaster General, subject to be set aside on appeal to the Postmaster General, as all rulings and decisions of an assistant are subject under section 16 of the Postal Laws and Regulations, edition 1902. This ruling in Circular III, for the period it was in force, gave the publisher the right to send at 1 cent a pound all copies to subscribers and an equal number of copies as samples. Copies in excess of the total were held to be subject to "1 cent for each 4 ounces or fraction thereof," to be prepaid with stamps affixed, on each separately addressed copy or package of unaddressed copies, not "1 cent per copy," the rate fixed in the Fulton letter.

RULING IMPRACTICABLE OF ENFORCEMENT.

This ruling was not only impracticable of administration, because its enforcement would require a count of the subscription list of every publication at every mailing, but because it contravened the law by disregarding the chief condition on which postage rates for matter "of the second class" depends, namely, who sends the copies in the mails. If sent by the publisher thereof and from the office of publication the copies "shall" be "entitled to transmission through the mails at 1 cent per pound or fraction thereof" (act of 1885). If "sent by others than the publisher or news agent" the rate is "1 cent for each 4 ounces or fractional part thereof" (act of 1884). Under these acts the publisher pays his postage rate in money and others than the publisher pay by stamps affixed.

THE LAW AND "SURPLUS MAILINGS."

The "surplus mailings" (300,727 copies) held up by Fulton October 1, 1905, were "sent by the publisher thereof and from the office of publication," and under the law (act of 1885) the company was "entitled" to their transmission through the mails at 1 cent a pound or a fraction thereof. It was the company's lawful privilege to send them at that rate.

Now, to secure the indictments it would be necessary to represent both that the "form of the statute" limited the company's right to mail at 1 cent a pound rate, and that the "form of the statute" required 1 cent per copy on an excess of the limit. Neither was true. So much for the "law" in the indictments.

Next, to secure the indictments it must be shown that the 300,727 copies held up were in excess of the limit at 1 cent a pound and therefore subject to "1 cent per copy."

To show this a "surplus mailing" required the making of a count of the names on the subscription list of the Woman's Farm Journal. Observe, now, that it was not until October 13, 1905 (Ex. 249, p. 2696), that Fulton advised the company of the purpose to investigate the subscription lists of the two magazines, although on October 10, three days previous, he, Fulton (Ex. 413, p. 3686), wrote the chief post-office inspector at Washington (who was keeping Mr. Cortelyou "fully advised") that action had then been taken holding the "surplus mailings" and of "perfecting this case on the Woman's Farm Journal." These 300,727 copies ("surplus mailings") were to be used as evidence on which to base the indictment, but the basis for the charge that they were "surplus mailings" was constructed out of an investigation made nearly two weeks subsequent to the detention of the copies. The indictment returned on December 1, 1905, states that these 300,727 copies were mailed on October 1, 1905.

SEALING THE DOORS AND MIXING RECORDS.

It was during this "investigation" of the subscription lists of the two magazines ordered by Fulton, October 13, 1905, that the doors of the company's office were sealed up against the company and its employees and that the records of the company were left in such a state of disorder that it was two months afterwards before business could be properly transacted. (See affidavit of W. C. Woods, p. 884; Elizabeth C. Hannagan, p. 883; and William E. Miller, p. 883.)

REJECTED EXPIRED SUBSCRIPTIONS TO REDUCE LISTS AND SHOW "SURPLUS MAILINGS."

Observe that the showing of "surplus mailings" was made possible by eliminating from the lists of subscribers the names and addresses of persons whose subscriptions had expired. (See Taylor and Putnam affidavits, pp. 6156-6157.) Thus in order to make it appear that there were "surplus mailings," and create the pretext for holding up the 300,727 copies of the Woman's Farm Journal already held up, and the indictment based thereon, it was necessary to count off all expired subscriptions, even those which expired with the date of the count. To carry expired subscriptions was then and still is a practice indulged in by all other publishers in the United States, and with the direct sanction of the department.

REGULAR POSTAGE ACCEPTED AND RECEIPT ISSUED.

Observe in connection with the holding up of the 300,727 copies that the St. Louis postmaster issued the regular receipt for the postage at the cent-a-pound rate by the company on those "surplus mailings." He gave no notice then or after of more postage due upon

those copies. This he was required by postal regulation (sec. 571, par. 2) to do. The holdup was secret. The company discovered it November 11, 1905. (Ex. 68, p. 1266.)

DETENTION OF MAIL A CRIME.

The statute (act of 1872, R. S., secs. 3890 and 3891, p. 901) specially prohibits and provides several penalties for such unlawful detention of mail matter, but these statutes afforded no protection to the Lewis Publishing Co. against the combination of Postmaster General Cortelyou and those cooperating with him in this piece of business.

INDICTMENT RETURNED.

On December 1, 1905 (p. 928), the grand jury returned an indictment against E. G. Lewis, F. J. Cabot, and William E. Miller, officers of the Lewis Publishing Co., for conspiracy to defraud the Government of postage on the company's magazines; that is to say, for conspiring to mail the 300,727 copies and others at 1 cent a pound in excess of a limit at that rate. This indictment represented that the form of the statute limited the mailings of the company at the cent-a-pound rate, that the limit had been exceeded, but fixed no rate to which the alleged excess was subject.

On May 4, 1906, a similar indictment was returned. A third was returned on July 6, 1907. All these indictments were for the same offense, namely, for mailing of those excess copies of the Woman's Farm Journal, and others of the Woman's Magazine not held up, in October, 1905.

The last two indictments fixed the rate for the alleged excess copies as 1 cent for each 4 ounces or fraction. All these indictments were dismissed without coming to trial.

The statement of the number of copies of the Woman's Farm Journal held up in October, 1905, varies somewhat in the indictments. In the first two it is given at 300,727. In the third it is given as 370,950 and the date of mailing is fixed in the latter as October 11, 1905.

INDICTMENTS FRAUDULENT.

All the indictments for this alleged offense were fraudulent; that is, they were based upon fraudulent representations as to the "form of the statute" and as to the evidence. There was neither law nor evidence to justify them. Both the law and the evidence were manufactured out of whole cloth.

This fact is practically admitted by Inspector Fulton in his letter of March 15, 1906 (p. 908), asking the chief post-office inspector at Washington to secure a ruling from the "proper officer"; namely, the

Third Assistant Postmaster General, to take the place of the alleged "form of the statute" said in the indictments to limit the number of copies the company might mail at a cent a pound and to subject an excess of the limit to the rate of 1 cent for each 4 ounces or fraction.

This ruling, when made by the Third Assistant Postmaster General, was "doctored" by Postmaster General Cortelyou, as explained on pages 959-960 of the record and in Exhibit 18, page 960. It is important to note that the two latter indictments were returned subsequent to the confession of Fulton in his letter of March 15, 1906, that a search of the Postal Laws and Regulations disclosed no law or regulation as a basis for the indictment which already had been returned.

In the brief for the Post Office Department (p. 9806) the responsibility for these indictments is placed upon the Department of Justice. The evidence shows, clearly, that they were manipulated by Inspector Fulton and his assistants in St. Louis. United States District Attorney Dyer (now Judge Dyer), who drew the first two, testified (p. 6101) that in drawing these indictments he relied upon the post-office inspectors. Whichever of these two departments is responsible for these indictments is responsible for a gross outrage perpetrated on three unoffending citizens already in other ways much persecuted by Government agents and for the discredit and damage resulting from those indictments to a legitimate publishing business owned by 18,000 stockholders.

COURT DECISIONS.

The committee is respectfully referred to the rulings and decisions of the courts on questions similar to those in this case, beginning on page 9717 (3d par.) of the complainant's summing up; also to the general rules of interpretation of statutes in the quotations from leading cases, beginning on page 9589 of the complainant's summing up. The purpose of this last reference is to show that in order to arrive at the intent of Congress in relation to the second class of mail matter all of the statutes in *pari-materia* should be considered together.

CORTELYOU RESPONSIBLE.

The nature of the official proceedings so far in St. Louis in connection with the Lewis Publishing Co. and its magazines were made possible by Mr. Cortelyou taking the matter into his own hands and personally directing those proceedings through his chief post-office inspector at Washington. If orderly administration under the properly constituted officers in the Classification Division, bureau of the Third Assistant Postmaster General, had been followed, no such steps would have been taken. The Lewis Publishing Co. and its

magazines would have been dealt with as all other publishers and magazines in the United States. Therefore, what was done was accomplished by Mr. Cortelyou's suppressing the natural order of procedure; by his suppressing the decisions that had been made in the bureau having jurisdiction which ran counter to his plans; by his doctoring to suit his purposes the rulings which had been made in that bureau; by his holding up the publication of Circular XXV until the 300,727 copies of the Woman's Farm Journal had been secretly seized and until the indictment of Lewis, Cabot, and Miller had been returned December 1.

In due course Circular XXV would have been published early in September. That would have defeated the operations in St. Louis by showing that the practices of the Lewis Publishing Co., for which practices arrangements were then being carried forward to seize its property in the mails and to indict its officers, were proper and common practices among publishers; and that those practices were so recognized by the department, and had continued for many years. The department had objections to some of them and formulated and made known those objections in Circular XXV, and publishers were to be allowed until April 1, 1906, to eliminate them.

If the law were being administered for the first time and an original interpretation were being put upon its terms, or if the law had been so administered in any other case, the situation would not be the same for Mr. Cortelyou. His actions might, though mistaken, be considered as taken in good faith. It is another matter when the law had been administered for a quarter of a century in a different manner, and to the whole country, including the Lewis Publishing Co., until he took its case into his own hands. Mr. Cortelyou testified that he devoted more time to this case than to any other matter that came before him during his Postmaster Generalship. The Lewis Publishing Co. was only one of approximately 25,000 publishers. Its magazines were only two of approximately 30,000 separate publications. Why did Mr. Cortelyou concentrate his efforts upon them? Why did he take no notice of any one of ex-Governor Hill's list of five similar mail-order publications in Augusta, Me., or of the many others throughout the country? Was it because Hill was a member of the Republican national committee while Mr. Cortelyou was campaign manager? The Hill publications were following the same practices as all others. They had been cited to a hearing before the Third Assistant, as had the Lewis Publishing Co., and their situation was approximately the same. Why did Mr. Cortelyou make no inquiry as to what was being done in similar cases? No matter what the law and regulations might be, the department was in honor bound to deal in like manner with all in similar situations.

The answer to these questions must stamp Mr. Cortelyou's purposes dishonest. It is always possible for an administrative officer to set up a claim of duty to shield his tyranny and wrongdoing when discovered in misusing his powers, but in whatever light Mr. Cortelyou's conduct be viewed, even by his most intense partisans, condemnation must be his for such a wanton, lawless, immoral, and ruinous misuse of the powers of his office.

It can not be said that the Postmaster General had no power to take an individual case into his own hands as Mr. Cortelyou did the Lewis Publishing Co.'s case, because that was done, but it can be said that his action in that regard was substantially a violation of law. Section 14, Postal Laws and Regulations (p. 784), in the first paragraph (the statute), authorizes the head of each department to make regulations not inconsistent with law for the government of his department. That had been done. The administration of the postal service had been divided among four Assistant Postmasters General. Each was given, by regulation, definite jurisdiction. The Postmaster General reserved to himself the consideration and decision on appeals from the decisions of the several assistants.

Then section 14 provided that all regulations or amendments thereof should be promulgated by the Postmaster General and duly entered of record in the journal; and that no regulation should in any wise be altered or varied from except by amendment. No doubt these regulations were consistent with law. Therefore, they had the force of law. As a matter of law, they bound Postmaster General Cortelyou as they bound everyone else in the service.

If the foregoing conclusions are correct, how could Mr. Cortelyou lawfully step in and without an amendment or order vary the official course of procedure in one case out of thousands; take it into his own hands and deal with it apart from all others being dealt with under uniform rules of administration, suppressing in some part decisions which had been made in the bureau having jurisdiction, and amending others to suit his discriminatory purposes?

The effect of this was that the citizens who composed the Lewis Publishing Co. were deprived of both their legal and moral rights under orderly administration, and of the right of appeal to the Postmaster General on any decision made in the course of orderly administration. When the Postmaster General was himself acting as detective, prosecutor, and judge, no appeal was possible. Orderly administration was paralyzed.

On the foregoing state of facts and representations, and others set forth in the record, and all of which are supported by the record, it is charged, and it is proved that the Lewis Publishing Co. was subjected, without authority of law, to a continuous, systematic course of

ruinous espionage and alleged official investigations at its plant in University City, Mo.; that its patrons throughout the country were subjected without authority of law to a continuous course of alleged official inquiries and to an offensive and ruinous surveillance, intimidating and otherwise; that false, fraudulent, or "framed up" indictments were secured against its officers for alleged violations of law which were in fact lawful privileges; that it was robbed of its property in the mails; that its money was stolen as alleged postage; and that it was otherwise wronged as charged in the formal bill of complaint, and that these things were accomplished by Postmaster General Cortelyou, his special representatives, post-office inspectors and others, conspiring together for those purposes, as shown.

MORE OF THE CASE—HELDUP LETTERS.

But the foregoing is but part of the case. The confederate or "informant" of the post-office inspectors operating in the company's plant was a busy man. He kept the inspectors informed on all business matters of the company, and it was in the official scheme to hamper all business as much as possible. When the company mailed 3,000 sealed letters December 1, 1905, they were seized and detained, in spite of the statute (act of 1872, secs. 1605 and 1608, P. L. and R.), making such detention a crime on the part of any official. When the detention was discovered President Lewis wired Washington, and the letters were released after having been held nearly a week. The preparation of these 3,000 letters for the mails was witnessed by about 28 persons in the employ of the company, who took special care as to stamping, sealing, and depositing them in the mails. They make affidavit to this. (Ex. No. 35, p. 1134.)

In spite of the statute (sec. 1610, P. L. and R.) making the prying into the secrets of persons using the mails an offense on the part of any person, these letters were deliberately opened and the contents examined. The excuse offered when they are caught at it is that it was supposed those letters were being sent out in connection with a fraudulent transaction.

If the laws of Congress may be violated with such impunity by the Postmaster General and his agents operating as they were in this case, and if they may then escape condemnation and punishment upon such flimsy excuses and pretexts as that offered in the brief of the department under Allegation VII (p. 9790), it is a sad commentary upon our Government of laws and our free American institutions.

The committee is respectfully referred to what is said concerning this holdup of letter mail and the systematic tampering with the Lewis Publishing Co. mail in general, beginning at the last paragraph

on page 9671 and continuing to and including the first two lines on page 9678 of the complainant's summing up.

In Chapter XI of the brief for the department objection is made to acceptance of the Johnson affidavit on page 9963 of Mr. Lewis's rebuttal statement and used in the foregoing exposé. The complainant contemplated submitting the affidavit earlier, but was unable to secure it in time. Insomuch as Mr. Lewis's rebuttal which contained this affidavit was submitted to the committee, and printed after such submission, and insomuch as the committee is after the truth, no matter in what form it comes forward, it would appear that nothing more need be said on that subject.

THE SPY SYSTEM AND PRESS COMMENT.

On page 9990 of the department's brief, referring to notices in the press on the subject of tampering with the mails, it is said, concerning a newspaper editorial under the caption "The spy system," appearing on page 9678 of the complainant's summing up, "the many other similar notices in the press which Mr. Madden has in mind are probably those appearing in Mr. Lewis's publication, the Woman's National Weekly, whose stock and trade for some years back has consisted largely of articles abusing postal officials," etc. In order that the committee may know that the "similar notices" in Mr. Madden's mind were not those appearing in the Woman's National Weekly, the following few which Mr. Madden happens to have preserved out of many are given for its information:

[From the Detroit Times.]

"HITCHCOCK'S CLAWS SHOULD BE TRIMMED," SAYS LA FOLLETTE—WISCONSIN SENATOR COMMENTS ON REPORT THAT POSTMASTER GENERAL HOLDS BIG STICK OVER NEWSPAPERS.

MADISON, Wis., May 19.

A bitter attack upon Postmaster General Hitchcock, "established censor of the American Press," features the current issue of La Follette's Weekly.

The editorial contains a copy of a letter written by a publisher to a writer, in which the publisher says:

"The Post Office Department can put any publisher out of business any time they see fit. * * * So if you write anything for us along the subject of our last letter, you will have to steer clear of anything criticizing the Government or the powers that be, so as to avoid getting us into trouble."

Referring to this letter, Senator La Follette says:

"Hitchcock 'can put any publisher out of business.' That is a disgraceful fact. The terror of the publishers is a general terror.

"The whole situation is intolerable and inconsistent with that freedom of the press which is necessary to this Nation's existence. What is needed is a reform of the laws that place unregulated power in the hands of the Post Office Department. Publishers are in terror of the Post Office Department and 'afraid to criticize the Government.'

"That way means despotism—after that anarchy."

[From the St. Louis Post-Dispatch, Sept. 23, 1911.]

THE COURTS AND THE SPY SYSTEM.

It is now plain from what has been published in Chicago since Judge Grosscup announced his purpose of resigning from the Federal bench that he has been "shadowed" and kept under systematic surveillance for a long time past.

It is said that this was done for an "eastern magazine" by men who had learned the methods of the spy system as it was officially introduced at Washington under the Roosevelt administration, when the effort was made systematically to control men in public life by filling pigeonholes with charges and holding them in reserve.

It is beyond doubt now that as Judge Grosscup was subjected to this system those aware of it assumed that he was aware of it also and that he was capable of being coerced by it. This is proven by their open assumption that he contemplated leaving the bench because of this pressure.

All who have most strongly condemned Judge Grosscup's official acts are on that account the more bound now to waive such issues in the presence of the systematic use of the spy system under conditions which imply a deliberate attempt to control the American bench by this villainous method of intimidation. There could be no worse contempt of court. All concerned as principals or accomplices in such cowardly attempts at coercion ought to be in jail.

The following is of the same stamp as the foregoing from an item appearing in the St. Louis Globe-Democrat, November 18, 1912. The jury in the last Lewis trial was deliberating and had then been out 76 hours. • The whole article is not given, but only that part which refers to the Secret Service operator and his obvious purpose to "communicate" with the jury:

The jury was given recreation yesterday, guarded by Regenhardt and his deputies. He walked with them on Olive Street as far west as Fourteenth Street, returning to the Federal building, where the jurors occupied their room on the fourth floor until dinner at 7.30 p. m.

DETECTIVE WARNED AWAY.

Regenhardt said the United States Secret Service operator who was detected on the fourth floor of the building as soon as the jury had retired Thursday had been warned by him to stay away and had not been seen since.

"I took the Secret Service man by the arm and told him to get off the floor," said Regenhardt. "I have not seen him since and under no circumstance will allow him or any other man to get near the jury.

"So far no one except the deputies, Judge Willard, and myself, with the exception of the waiters who serve the meals, have spoken to the jurymen."

[From the St. Louis Post-Dispatch, Oct. 12, 1911.]

AN INTOLERABLE POLICY.

Several acts of censorship by Post Office Department bureaucrats, notably excluding from the mails the report of the Chicago vice commission and the indictment of Richmond newspapers, are enough to indicate that a new policy has been adopted. It is a dangerous one. The idea of any official interference with the right of free speech or a free press is obnoxious enough; practical application of it is intolerable.

Not being a nation of children, there is no necessity for the guardianship of a department whose business is of a different nature. The public is morally sound

enough to distinguish between obscenity and sociological information, or between a calm report of court proceedings, and a recital of merely salacious incidents, or obscene literature.

The principles involved have been too often approved by the people and upheld by the courts to admit of their variation by decree of a Postmaster General or any of his subordinates. Prosecution of a newspaper for printing "unfit" matter is too closely related to persecution for printing political views to permit the lodgment of a censor's power in any man or men in political office.

The whole policy is too hostile to the American idea of freedom and responsibility to demand elaborate discussion. The Post Office bureaucrats have made the mistake of considering themselves judges of morals and guardians of publicity. They would do well to make a hasty retreat from their untenable position.

[From the New York World (morning), July 26, 1912.]

HALFWAY POSTAL ESPIONAGE.

What has been the practice of some postmasters is now made by the Postmaster General a rule for all. Persons who want mail sent to general delivery instead of to home addresses may be required to give their reasons in writing.

These are halfway measures with which no one can have any patience. There is a timorous halting at "may" when "must" should be the word. There is a total failure to exact a sworn statement of reasons or a certificate of character or affidavit of proper motives.

This is a bad enough display of feebleness for the department in taking up the rôle of parental regulator of private conduct among the people. But glaring incompetency is shown in the failure to adopt the course obviously the most simple and effective. Let all letters be opened and read at the office before delivery, and let delivery be denied where the judgment is that the contents are not proper for the addressee to receive. Let a leaf be taken from Russian policy. It will involve no extra expense to the service, as volunteer reading and judging committees from the community will never be wanting. We are ashamed of the Postmaster General for his failure to rise to the full demands of that paternalism in government which he favors.

[From the New York World (evening), Aug. 14, 1912.]

ARE WE IN RUSSIA?

Opening private letters that contain matter interesting or prejudicial to its heads is no new habit of the Post Office Department of the United States.

Senator La Follette, who has been conducting an inquiry into conditions in the department, declares:

"My mail was subjected to an espionage almost Russian in character. I have here a bundle of letters showing that my mail was opened in violation of the law and rifled by some one hostile to the purposes I had in making the investigation."

The charge will surprise no one who has had experience of being under the displeasure of high officials or departments of this Government.

When the World was undergoing the Panama persecution at the hands of Mr. Roosevelt, then President, the private mail of this newspaper was regularly opened by some person or persons in the post-office service.

Again, several years ago, when the Periodical Publishers' Association sent a committee to Washington to argue the question of postal rates on second-class matter, the mail of the committee was systematically tampered with.

The Senator from Wisconsin claims to have discovered that the Post Office Department has been removing men from service "for no other reason than that they joined organizations designed to improve labor conditions in the service."

This newspaper is not in favor of secret societies or combinations among employees in Government services. But it is strongly in favor of finding out how far United States post-office officials believe themselves empowered to detain or open private communications passing through the mails.

Does the United States post office consider itself a department of a free Government or does it model itself upon the Czar's imperial police?

[From the New York World (morning), Aug. 15, 1912.]

HUNT THE RASCALS DOWN.

Forty-eight hours have passed since a Senator of the United States publicly charged that his mail had been rifed and presented the proof. In Congress the incident passed almost unnoticed. Throughout the country it has been received in the main with smiles of incredulity or with feeble attempts at humor or ridicule.

Is this because Mr. La Follette has gained a reputation for extreme and sensational utterance, or is it due only to hopeless public indifference?

If the post is no longer inviolate, then nothing is secure. If snooping enmity, jealousy, revenge, and greed may invade the privacy of the mails, we are governed not by ourselves and not by law, but by a tyranny as monstrous as any that ever appeared in Russia and France in their worst days of absolutism and terror.

Evidently the lawless spy system that grew up under Roosevelt at a cost of millions of dollars a year is not extinct. Yet Congress hears and sees unmoved one of its most conspicuous Members present proof of a revolutionary invasion of its rights that ought to fire the heart of every true American.

When the World's mail was opened, mutilated, and pilfered at the time of the Panama persecution it entered a protest which was practically unheeded. The sufferer was only a newspaper. Now it is only a Senator of the United States. Next it will be districts and States and sections.

Congress ought to sit through the summer and autumn if necessary to catch these spies, to expose them and their employers, to punish the entire crowd, and to make forever odious the system of espionage under which they operate and the man who is chiefly responsible for it.

It is not likely to occur again that any citizen whose mail is tampered with will be able to as conclusively prove it as in this Lewis case. The tampering is of course done in secret. No second person is present. The evidence of tampering on the letter itself can be so effectually concealed that such proof is well-nigh impossible. Post-office inspectors work in secret apart from the public and apart from other postal employees. Their operations are surrounded by every safeguard from surprise or interference. No official save the Postmaster General can interrogate them, or break in upon them during their secret operations; they are his "special representatives."

"CIRCULAR XXV."

Circular XXV (p. 892) took effect April 1, 1906. Its purpose was to show all publishers what of their common practices the department objected to, and that those objections would thereafter be re-

garded as the basis of departmental action in the individual cases. The circular specially provided for and recognized the right of publishers to carry expired subscriptions upon their lists of subscribers.

DEMAND OF POSTMASTER FOR EXCESS POSTAGE.

Acting on instructions from the St. Louis post-office inspectors, who were acting on instructions from the chief post-office inspector at Washington, who was acting on instructions from Mr. Cortelyou, the St. Louis postmaster, on April 6, 1906, six days after Circular XXV took effect, demanded of the Lewis Publishing Co. alleged excess postage upon copies of the *Woman's Farm Journal* and the *Woman's Magazine*. His demand was based upon an alleged legal limitation upon the number of copies the company was entitled to mail of each publication at the cent-a-pound rate. The limitation charged was based upon the number of subscribers on each subscription list plus 100 per cent of sample copies. All copies in excess thereof were held by the St. Louis postmaster to be subject to excess postage; that is, the rate fixed by the act of 1884 (p. 9632) for copies "when sent by others than the publisher or news agent."

The numbers of the subscribers allowed for the *Woman's Farm Journal* and the *Woman's Magazine* were not based on a count made at that time. The limitation was based on the count carried on under the direction of Inspector Fulton, October 13, 1905 (Ex. 249, p. 2696), six months before. No allowance was made for the change of a single subscriber more or less on either list during that six months. The numbers then held to be on the two lists were obtained by excluding expired subscriptions (see Taylor and Putnam affidavits, pp. 6156-6157). Manifestly in going publications every subscription upon the lists might have been changed during that period; the numbers might have doubled or might have been cut in two, according as the publisher was or was not pressing his business. Certain it is that the lists did not remain without change at all, as charged, for six months.

Circular XXV made no mention of a purpose of the department in any case to assess the rate fixed in the act of 1884 against copies sent by the publisher for himself, because special counsel authorized by law for that class of legal questions, who was attached to the bureau of the Third Assistant Postmaster General, had advised it would be inconsistent with law and unauthorized to assess that rate upon any copies sent by the publisher from the office of publication for himself.

THE APPEAL.

The company appealed from the ruling of the St. Louis postmaster through Hon. Jesse Overstreet, then chairman of the Post Office Committee of the House of Representatives. Mr. Overstreet transmitted

the appeal to Mr. Cortelyou, and Mr. Cortelyou directed the Third Assistant Postmaster General to give the company a hearing on its appeal (Ex. No. 19, p. 965).

This was the third time Mr. Cortelyou had drawn the Third Assistant into the case for a special purpose; the first was to make the decision on the hearing June 17, 1905; the second was to make the ruling called for by the Fulton letter March 15, 1906, which ruling Mr. Cortelyou edited to enable the St. Louis postmaster to testify at the trial of Lewis and the others, that the legal rate on the alleged 300,727 excess copies held up in October, 1905, was that fixed in the act of 1884, namely, 1 cent for each four ounces or fraction; and now the Third Assistant was called upon to determine—

Whether the Woman's Farm Journal and the Woman's Magazine, issued by the Lewis Publishing Co., are entitled to second-class privileges; and if so, what number of copies of each publication should be admitted to the mails monthly at the rate of 1 cent per pound.

This quotation demonstrates Mr. Cortelyou's disqualification to direct the handling of such a case.

Among other things, the Third Assistant was to determine "what number of copies of each publication should be admitted to the mails monthly at the rate of 1 cent per pound." This was, of course, to bind the company within fixed limits in the future. The enforcement of such limits would either prevent the company from increasing its business, as all publishers are always seeking to do, or, if the mailings were to be limited at each mailing by the number of subscribers then on the lists, excluding all expired subscriptions, it would be necessary to keep a force of postal officials at work continuously in the publishing plant, revising the lists. Never before this case, and never since, has the department undertaken to fix limits upon a publisher's future business. No law authorized it. On its face it was absurd. But it was quite in keeping with Mr. Cortelyou's act through the St. Louis postmaster demanding excess postage in April, 1906, on limits based on a count of the subscriptions for the two magazines in October, 1905, six months before.

CORTELYOU WORKING FROM BEHIND.

Mr. Cortelyou was, of course, throughout this case, as far as possible, acting through and screening himself behind his subordinates. At this stage of his career he had no conception that an officer subordinate to him, knowing the decision he desired in any case, might decide according to his own conception of duty and justice rather than according to the desire of the high and mighty Postmaster General.

RIGHTS OF THE MAGAZINES DECIDED.

The question of the right of the two magazines to second-class entry had once been determined by the Third Assistant Postmaster General upon a hearing June 17, 1905, but that decision was suppressed. The report upon that hearing (Ex. No. 8, p. 833) showed the publications were superior of their class, and less subject to objection than many cited. Elaborate comparisons with other publications were made in the report. At the hearing which was the basis of that report, the company had offered to change the subscription rate, the space occupied by general advertising, or special advertising, or make any other change to meet any rule of the department. This was shown in the report of July 8 to Mr. Cortelyou. The company was never informed of any objection of the department to any of its practices except in Circular XXV.

HEARING NOT DECISIVE.

The hearing on the appeal from the St. Louis postmaster's ruling occurred April 30 and May 1, 1906 (p. 1141). The excess question was numerical, and could not be determined from evidence presented at the hearing. The postmaster's limits at 1 cent per pound were fixed on a count of the subscriptions in October, 1905, from which he had allowed no change during the following six months. Manifestly even if the numbers then found were correct, they could not be correct in April, 1906. The determination of the question on appeal, therefore, would require a count of the subscription orders at the plant. To this the company agreed. The so-called Fettis commission, made up of "special agents" attached to the bureau of the Third Assistant Postmaster General, conducted this count. It occupied about 65 employees of the postal service over three months. My estimated cost of this work was not less than \$15,000.

FETTIS COMMISSION'S REPORT AND THIRD ASSISTANT'S DECISION THEREON.

The Fettis commission reported in January, 1907 (Exs. 25 and 26, pp. 1007, 1019). The Third Assistant's report on the appeal was made February 7, 1907 (Ex. 27, p. 1026). It showed that according to the limitation applied no excess copies as charged by the St. Louis postmaster were mailed by the company, allowing as customary expired subscriptions, in April, 1906, or thereafter.

Under Mr. Cortelyou's instructions the count had been extended back from April, 1906, to include the issues of the magazines for October and November, 1905, for the mailing of excess copies of

which issues Lewis, Cabot, and Miller had been indicted, as previously explained. The report of the Fettis commission and the decision of the Third Assistant February 7, 1907, found no excess copies then mailed under the usual rules applied as to what might enter into the composition of a subscription list. (See specially explanations second, third, fourth, and fifth pars., p. 1109.)

THE STOCK JOURNALS.

It is important to note at this stage that the limitations being applied to the mailings of the Lewis Publishing Co. were not being applied in other cases. For instance, Circular XXV was designed to reach abuses in the composition of lists of subscribers. The most flagrant then known to the department was that of the stock journals. Somehow this entire class had secured admission to the second class, without having any subscribers at all in the ordinary sense, and after such admission they by some process evaded every effort of the department to reach and correct the abuses. These abuses were of two kinds; first, the securing of the second-class rating, without lists of subscribers; and second, the mailing practically of all copies of those publications at the cent-a-pound rate in the fulfillment of bulk orders from stock commission merchants, who desired to send out those copies in the interests of their commission business, and the stock markets in their locality.

Hence the department was deprived of revenue in two ways; first, by the admission of publications to that classification clearly not so entitled because of being designed for free circulation, having no subscriber at all, and, second, by the mailing as to subscribers at the 1 cent a pound rate of copies lawfully subject to the rate of 1 cent for each 4 ounces, because actually sent by "others than the publisher," namely, the stock-commission merchants. The decision of Mr. Justice Clabaugh in the Homestead case, discussed on pages 9714 to 9718 of the complainant's summing up, applied in this case. But that judicial decision was not enforced, because Mr. Cortelyou's favors to stock journals broke down uniform administration. The refund of this postage is explained in Exhibit No. 30, page 1054.

Mr. Cortelyou first directed verbally that the provisions of Circular XXV, designed to reach stock-journal abuses, be not enforced. Thus, the worst offenders of all were to escape, and the Third Assistant could not in good conscience enforce any of his rules in Circular XXV, designed to reach abuses in the make-up of subscription lists; for, if a whole class of publications were to be allowed to continue in the second class without any lists of subscribers at all, it would be a great injustice to enforce against other publishers

who did maintain substantial lists of subscribers the privilege of including upon those lists certain objectionable subscriptions defined in Circular XXV. Uniform, impartial administration built up under the reform was throttled by Mr. Cortelyou.

THE CONGRESSIONAL COMMISSION.

Upon the conditions then existing the Third Assistant proposed and Mr. Cortelyou agreed to recommend to Congress, that a commission be appointed to examine into the whole second-class subject. This recommendation resulted in the so-called Overstreet Commission, authorized by an act of Congress approved June 26, 1906. The Third Assistant was appointed to represent the department before this commission (Ex. 24, p. 1006), and he then put in writing and secured Mr. Cortelyou's signature to his previous verbal order not to enforce Circular XXV in the case of the stock journals. (See memorandum to Chief of the Classification Division Bacon, p. 1006.)

In this connection the attention of the committee is also specially directed to what is said on this subject, beginning at the bottom of page 1001 and continuing through 1006, especially to the disclosures in Exhibit No. 23, page 1004. Attention is also invited to what is said in the memorandum of the Third Assistant to the Postmaster General (Ex. No. 30), beginning with the last paragraph on page 1096, and continuing through page 1098 to the last paragraph.

REFORM OF ABUSES SUSPENDED.

Under the existing conditions the Third Assistant suggested, and Mr. Cortelyou agreed, that the reform contemplated under Circular XXV be now suspended pending the report of the Overstreet Commission, as that report might result in legislation which would itself correct existing evils or might legalize them. The act of 1879 covering the second-class mailing privilege was considered out of date, and wholly unsuited to modern publishing conditions. (See extract in explanation, p. 1007.) This suspension should have included the case of the Lewis Publishing Co., but Mr. Cortelyou did not stop his work on that case.

CORTELYOU'S SECRET INQUISITION.

While these matters were going on in the department at Washington, the Fettis Commission was working away on its count of the subscription orders for the magazines at the publishing plant in University City, Mo. If Mr. Cortelyou had not made the Lewis Publishing Co. an exception to the suspensions, first, that growing out of the injunction proceedings; second, that provided in Circular XXV; and third, that agreed to by Mr. Cortelyou while the Overstreet

Commission was considering the whole question of second-class matter, this Fettis count, even if it were proper to be sometime carried on, would not then have been made.

Now, it is important to mark that it was while this Fettis Commission was at work under an agreement of the company to permit access to its files in order to prove the truth of its claim as to the numbers of subscribers on its lists on an appeal from the St. Louis postmaster's ruling as to the numbers thereon, Mr. Cortelyou surreptitiously, under cover of that commission's operations, secured the entry into the publishing plant and access to the company's books and papers for his personal detectives (the post-office inspectors and others) to make some sort of a separate secret inquisition, and to report to him on the side.

In this connection the attention of the committee is directed to the record, pages 986 to 1001, including Exhibits Nos. 21 and 22, in some part duplicated, and to page 9685 (second paragraph) to and including the first paragraph on page 9686 of the complainant's summing up.

CORTELYOU WOULD FORCE ACTION BY THIRD ASSISTANT.

As shown by the record (p. 9689, extract from Ex. No. 30, p. 1074), the Third Assistant Postmaster General had endeavored several times to have Mr. Cortelyou relieve him of the Lewis case. He felt that he could not do over his name that which Mr. Cortelyou wanted done in that case, and was paving the way to have done. He was now the representative of the Post Office Department before the Overstreet Commission, and was devoting his time and efforts to show the conditions concerning second-class mail matter, and how the lack of uniform practice in the different administrations had resulted throughout the publishing world in situations which, while in some part not sanctioned by law, and therefore considered abuses, were nevertheless the result of the department's own direct or implied sanction. (See Doc. No. 608, 59th Cong., 2d sess.)

Mr. Cortelyou would not relieve the Third Assistant. For obvious reasons he proposed, if possible, to secure the desired decisions from the "proper officer."

The Fettis Commission reported in January, 1907 (Exs. Nos. 25 and 26, pp. 1007 and 1019), and, based upon its report, the Third Assistant, February 7, 1907 (Ex. No. 27, p. 1026), decided the company's appeal in its favor from the rulings as to excess copies by the St. Louis postmaster, who was acting under the instructions of the post-office inspectors, who were acting under instructions from Mr. Cortelyou.

Among other things, the Third Assistant's report of February 7 had shown Mr. Cortelyou that the department could not in good conscience enforce limitations on the 1 cent a pound rate upon mailings of copies of the Lewis Publishing Co.'s magazines, even if lawful to limit them as done by the St. Louis postmaster, when he (Cortelyou) had suspended all requirements as to lists of subscribers, limitations, and the like, in the case of all the stock journals and others. Another prominent similar case of enjoying a second-class rating without a list of subscribers was that of the so-called Sunday Magazine of the Washington Star, a New York magazine boasting over a million circulation without a single subscriber, evading the law by the device of being folded as an alleged Part 3 of a number of large newspapers of that combined circulation. (See third paragraph, p. 9687, complainant's summing up.) The decision of February 7 brought forth a response from Mr. Cortelyou, under date of February 12, 1907 (p. 1037), lifting his suspension of the law in the case of stock journals.

On February 13 he wrote the Third Assistant a 40-page communication (Ex. No. 28, p. 1038) criticizing the decision of February 7, directing a reconsideration, substantially demanding a reversal thereof, and a decision to support the rulings of the St. Louis postmaster.

On March 2, 1907 (Ex. No. 30, p. 1054), the Third Assistant reported on his reconsideration of his decision of February 7 previous, affirming it, and reciting in detail the salient facts and conditions of administration as to that and analogous cases. A review of this document is specially recommended.

On March 4, 1907, his last act before he retired from the Postmaster Generalship at noon that day, Mr. Cortelyou set aside and suppressed the Third Assistant's decision of February 7, affirmed March 2, as to excess copies, and himself sustained the rulings and recommendations of the St. Louis postmaster. (Ex. No. 31, p. 1115.)

In the same communications to the St. Louis postmaster Mr. Cortelyou directed that officer to deny thereafter the second-class rates and charge the third-class rate on all copies of the *Woman's Magazine* and the *Woman's Farm Journal*. The third-class rate is prohibitive, and the effect was to close down the publishing plant.

Mr. Cortelyou's official statements in his two letters of March 4, 1907, to the St. Louis postmaster to the effect that a hearing was granted the company on April 30 and May 1, 1906, on other than the question of excess mailings—that is to say, on the question of whether the magazines had legitimate lists of subscribers, were designed primarily for advertising or free circulation, etc.—were and are false, and that those statements were and are false is shown by the department's own records (see Ex. No. 36, p. 1140), showing that hearing confined to question of excess mailings.

It was by the device of misrepresenting the record as to the fact of a hearing, required by the act of 1901 (p. 9632), that Mr. Cortelyou contrived to make sure of the climax of his destructive purpose before he retired. He said in a letter to the Third Assistant (Ex. No. 38, p. 1180) that he "could not wait."

As both Mr. Cortelyou's letters show, he revoked the second-class mailing privileges of both publications on the ground that the lists of subscribers were not legitimate; that the publications were designed primarily for advertising purposes, and for circulation at nominal rates, etc. His letters concede, however, a list of 539,901 "legitimate subscribers" for the Woman's Magazine and 141,328 "legitimate subscribers" for the Woman's Farm Journal. These numbers are of such proportions that most publishers would have been proud of the title to them for their magazines. On the list for the Woman's Magazine it had mounted to third place among the advertising mediums of the country (see p. 630) and had an estimated franchise value of \$1,000,000.

These lists Mr. Cortelyou held were not legitimate, and hence excluded the publications from the second class. At the same time he had suspended the law in this very requirement for all stock journals, which made no pretense of having legitimate lists of subscribers. Mr. Cortelyou's deliberate act of suspending the requirements of the statute in the case of stock journals was quite as lawless and immoral as his various acts recited in connection with the Lewis Publishing Co. case. In the latter he had now forced the company to default on its hundreds of thousands of subscription contracts, and on its advertising contracts.

The committee is respectfully referred to the "comments" on the Postmaster General's letters of March 4, 1907, deciding that excess copies of both magazines had been mailed, and ruling them out of the second class, beginning on page 9693, complainant's summing up, letters A to K, inclusive.

As showing the definite purpose to exclude the magazines and of paving the way and laying the foundation in form for the final act, to be done by the Third Assistant if his hand could be forced, but if not by Mr. Cortelyou himself, the committee's attention is directed to the memorandum of March 28, 1906, from Assistant Attorney General Goodwin to Postmaster General Cortelyou (Ex. No. 18, p. 961). In this communication Mr. Goodwin advised that the Lewis magazines could not be excluded without a hearing, and that so far there had been no such hearing. Hence it was that Mr. Cortelyou stated in his letters of March 4, excluding the magazines, that such a hearing had been given. This in form appeared to comply with the law (act of 1901, p. 9632). This memorandum from Assistant Attorney General Goodwin is the one in which he advised Mr. Cortelyou how to

doctor the ruling of the Third Assistant of March 27, 1906 (Ex. No. 18, p. 960), to facilitate the procedure in St. Louis.

MAGAZINES RESTORED.

In December, 1907, and January, 1908, after a close down of the Lewis Publishing Co.'s business for approximately nine months, the two magazines, in the same character as when excluded, were restored. (See title "Restoration of magazines to the mails," p. 9699, complainant's summing up.)

For further showing as to the struggle to revive the Woman's Magazine and Woman's Farm Journal, after their restoration to the mails, and as showing the trials through which the company passed with its Woman's National Daily, later changed to Woman's National Weekly, attempted to be excused or justified by plausible explanations, strained constructions of the law, spurious arguments, and fine spun distinctions, in the department's brief, the committee is respectfully referred to complainant's summing up, as indicated in the previous paragraph, also under the title "Woman's National Daily" (and weekly), beginning on page 9704.

CORTELYOU'S "PLANTED" DEFENSE.

A memorandum of the Third Assistant, March 2, 1907 (Ex. No. 30, p. 1054), opened Mr. Cortelyou's eyes. In a good measure it confronted him with the record he had made in his two years of devotion to the Lewis Publishing Co. case. He foresaw a possible future inquiry into his official conduct. Thereupon he designed to "plant" a letter of record to assist a defense, if any were required, in the future. At the last moment of his retirement, March 4, 1907, from the Postmaster Generalship (Ex. No. 38, p. 1180), he sent the Third Assistant Postmaster General a so-called "scathing" letter of denunciation for his official course in the matter. In that letter he sought to modify or get rid of some of the situations with which he was confronted. It is unnecessary to discuss the matter at length, but for the information of the committee it will be well to point out a few items. The following is taken from Mr. Cortelyou's letter, beginning with the second paragraph:

On page 49 of your memorandum you say that "The Woman's Magazine and The Woman's Farm Journal have never been regarded as positive abuses, and certainly not 'specially flagrant' ones." This may be your judgment as to the character of these publications and the methods by which they are circulated, but it certainly is not the judgment of the Postmaster General or of the majority of the officers of the Post Office Department who have had most intimately to do with this investigation. You have said heretofore that the business of no publisher has ever been subjected to such raking scrutiny as has that of the Lewis Publishing Co. in respect of these two publications. You are not in position, then, to say with authority that there are other

publishers who are more flagrantly abusing the second-class privilege than is the Lewis Publishing Co. and your statement that such is true is more assumption and represents one of the methods by which you would appear to excuse the action you have taken in respect to the publications named.

You say on page 29 that on April 14, 1906, I sent you instructions which for the first time placed this matter in your charge. The memorandum quoted below completely refutes this statement:

July 12, 1905

Memorandum for the Third Assistant Postmaster General.

Case Woman's Magazine, C. D. No. 3675 and Woman's Farm Journal, C. D. No. 58206, published at St. Louis, Mo., by the Lewis Publishing Co.

Please have investigation made along the usual lines pursued by your bureau to determine whether the Woman's Magazine and the Woman's Farm Journal are entitled to transmission at second-class rates. It is desired that you will have this investigation completed as promptly as may be consistent with your general practice and will bring the results to my attention.

Until such investigation shall have been completed it does not appear necessary to give the postmaster at St. Louis the instruction which you suggest in memorandum of the 8th instant, as continuance of the present practice will accomplish the same result.

Geo. B. Cortelyou,

Postmaster General.

You explain that in conducting the inquiry into the publication methods of the Lewis Publishing Co. in respect of the Woman's Magazine and the Woman's Farm Journal unusual methods have been used. If this be so, then the responsibility for those unusual methods rests upon you, for in the memorandum just quoted you are directed to "have investigation made along the usual lines pursued by your bureau," and that it be "completed as promptly as may be consistent with your general practice." There was no reason whatever why you should not have proceeded with this matter strictly in accordance with your usual methods and practices from and after July 12, 1905; nor is there any reason why the whole matter should not have been decided months ago. You have sought every possible excuse for postponing action. Repeatedly you have promised that the decision would be rendered at a certain time, but when that time arrived have declared that it was impossible to submit it until a certain subsequent time. Only by the utmost pressure upon you was I able to obtain your decision upon the question of excess mailings on the date of February 7. My memorandum, which was quite exhaustive, went to you on the evening of February 13, and you have consumed 17 days in replying to that memorandum. Your reply would not yet have been made had I not peremptorily demanded it and insisted absolutely upon having it not later than the evening of March 2. But for that insistence it would not have been received until after my retirement from this office.

* * * * *

Your claim on page 130 that this matter "had long been handled independently of the Third Assistant Postmaster General" is not true, for the whole matter was placed in your hands definitely and positively by my memorandum of July 12, 1905, of which my letter of April 14, 1906, was little more than a repetition.

In view of the situation in the department as disclosed in the record before this committee, the foregoing must stamp Mr. Cortelyou as great an adept at falsification of record as he is at not remembering at the opportune moment. In the above quotation he challenges the judgment of the Third Assistant as to whether the Woman's Magazine

and Woman's Farm Journal are flagrant abuses, and this in view of the report of the Third Assistant July 8, 1905 (Ex. No. 8, p. 833), in which the Third Assistant, assisted by the special counsel for the department, made elaborate comparisons in detail with a great number of leading publications then going in the mails, which were favorable to the Lewis Publishing Co.'s magazines, and in view of the fact that neither he nor his inspectors ever considered or undertook during his Postmaster Generalship to deal with any other case which would enable them to make comparisons.

Mr. Cortelyou says, answering the complaint of the Third Assistant that the Lewis case was never actually in his hands, that it was so in his hands all the time, as shown by his (Cortelyou's) memorandum of July 12, which he quotes, to be dealt with "along the usual lines pursued by your bureau," although he testified in the record that he devoted more time to this case than any other matter that came before him, and in this letter admits he and the officers cooperating with him "had most intimately to do with this investigation." That he and his officers did "have most intimately to do with this investigation," and that they never let go of it, and that it was never actually, but only on the face of the record, in the Third Assistant's hands, is shown effectually by these circumstances:

That Mr. Cortelyou suppressed the Third Assistant's decision upon the hearing given the company on the report of his inspectors June 17, 1905;

That he delayed the publication of Circular XXV while his special representatives were operating in St. Louis harassing the company with demands for detailed information as to its business on a 24-hour notice (see Ex. No. 67a, p. 858);

That he was instituting through his "personal representatives" in St. Louis investigations into the company's subscription lists;

That he was through them conducting "quiet inquiries" throughout the country among the company's patrons;

That he was through them holding up 300,727 copies of the company's magazine mail and securing the indictment of the company's officers;

That he was through them holding up its letter mail and tampering with it;

That he was having them report upon these "investigations" to him on the side, as shown by his letter of November 6, 1905 (Ex. No. 12, p. 869; also his letter of July 6, 1906, p. 997);

That he was having the Third Assistant report to him on such matters in connection with the case, as it was handled incidentally by that officer;

That the record (Ex. No. 30, p. 1054) is full of requests of the Third Assistant to be advised as to what was to be done under the

unusual circumstances of his taking the case into his own hands and out of the natural order; and his breaking down uniform, impartial administration.

That he made no response to these requests, etc.

Again quoting from Mr. Cortelyou's same letter (p. 1184):

Of course, you know that in all the dealings of the Post Office Department with the Lewis Publishing Co. my attitude has been that absolute impartiality should be shown and that the company should be treated with all fairness and in strict accordance with justice and right. Your insinuation, therefore, that any question of personal feeling toward the company or its officers by reason of criticisms made upon the Post Office Department, or for any other cause, has been permitted to enter into my consideration of this matter is absolutely without any warrant or excuse whatever.

You refer to an error in the report of the postmaster at St. Louis of April 23, 1906. The records show that he notified you of the correction of said error on August 31, 1906, which was long before you began the preparation of your decision of February 7, 1907, in the matter of excess mailings. You make no mention of said error in that report, and this indicates quite clearly that you had received and used the corrected figures and that the error had not entered into your consideration of the case.

In view of the record, any comment at all would mar what Mr. Cortelyou said in the first paragraph in the foregoing quotation. It speaks best for itself. But in the second paragraph he alleges that the errors of count, one of 700,000 and another of 300,000 copies in the report of the St. Louis postmaster, April 23, 1906 (really the report of Mr. Cortelyou's inspectors), shown up in the Third Assistant's memorandum of March 2 (Ex. No. 30, p. 1054), were corrected. That these enormous errors were not corrected, as charged by Mr. Cortelyou, is shown by the communication of the Third Assistant March 5, 1907, to the then Postmaster General Meyer (Ex. No. 39, p. 1188).

Much more of Mr. Cortelyou's "inconsistencies, evasions, and statements flatly contradictory to each other" might be shown, but it should not be necessary. Neither should it be necessary to go further to show that the Third Assistant did not put him in a false light, but in a true light.

ERRORS OF LEWIS PUBLISHING CO.

The Lewis Publishing Co. admits having erred, but its errors were those of ignorance, like those of all other publishers. The department took no exception to their common practices, and often actually sanctioned them, prior to its undertaking to reform the so-called abuses in the second class. Under the reform it was aimed to separate the publications in classes having like characteristics (Ex. No. 45, p. 1225), and to proceed with the reform, class by class, taking up the most flagrant first, etc.

The reform work had progressed satisfactorily for some years without destroying the basis and processes of life of publishing institutions. It was merely cutting off the excrescences which had grown up. It

was at that stage a question not of what the law could be made to accomplish in general or in a specific case, but of what was right and proper and equitable to be done under the circumstances. It was the department, not the publishers, that was to blame for the conditions.

Now at the moment that Mr. Cortelyou assumed office he stepped in and took the case of the Lewis Publishing Co. magazines into his own hands, out of the Classification Division of the Bureau of the Third Assistant, properly having jurisdiction. He then, through strange and untrained assistants, instituted investigations and a crushing surveillance totally uncalled for in the administration of the postal laws: instituted inquiries throughout the country among the company's patrons, indicted its officers as for a crime, secretly seized its property, filched it of its money as postage, seized its letter mail, examined into it, and otherwise laid the foundation for cutting off its source of life, namely, the second-class mail rates. All this was done chiefly upon the ground that the company did not have legitimate lists of subscribers for its magazines, although Mr. Cortelyou admitted that there were enormous lists. At the very same time Mr. Cortelyou was giving immunity to an entire class of publications from complying with that requirement at all. He denied this company information as to wherein he considered it erred and the opportunity it craved to meet his requirements. The law is intended to be the same for all, but there was no equality here.

To his utmost Mr. Cortelyou sought to secure the cooperation of the "proper officer," namely, the Third Assistant Postmaster General, but, failing in that, he acted in all essential matters himself.

No impartial reader of this record, even Mr. Cortelyou's intense partisans, would clear him and the others who cooperated with him of the charge of conspiracy to wreck the Lewis Publishing Co. by the devices enumerated. His underlings simply forgot or disregarded their oaths of office and served their master in the hope of gaining his favor for preferment.

THE BRIEF FOR THE POST OFFICE DEPARTMENT.

Chapter 1, page 9745, of the brief for the Post Office Department, is devoted to a so-called "historical sketch" of the various enterprises organized by Mr. E. G. Lewis. All of the institutions mentioned are in one way or another placed in an unfavorable or bad light, and for the purpose, of course, of influencing the judgment on the case. The complainant requests the committee to disregard in its entirety this "historical sketch," because it is made up from reports of post-office inspectors, which reports have repeatedly been shown to misrepresent or falsify, or improperly color, the facts for their purposes and

because it is biased, partial, and full of statements which do not represent the true facts in relation to those enterprises.

The requirement of post-office inspectors that they make recommendations in cases they investigate has resulted in the growing up of the outrageous abuse of "making cases," which, interpreted, means that they find and record only those facts and circumstances, or that they color them, or both, to suit or sustain their "recommendations." The practical effect is to make the inspector both a detective and a judge. This in turn lets loose among the people as many detective-judges as there are post-office inspectors. Where the offices of prosecutor and judge, or detective and judge, are combined, the authority and power are always abused. But it is only of recent years that post-office inspectors have so been turned loose upon the people. Their real functions, as the title indicates, are within the lines of the postal service to assist by their investigations and reports in the perfection of the service for the people. Now scarcely a week passes that does not see recorded under scare headlines in the public press some supposedly daring raid by post-office inspectors of private establishments. Sometimes this is done under the personal supervision of the Postmaster General, but always there is the self-patronizing interview by the intrepid sleuth who planned it all and executed it with finesse. The lure of the limelight is a curse of the post-office inspector force, and many an unoffending citizen has been ruined to make a holiday for this clan. (See for one illustration extract from press report of Post Office Inspector Fulton's raid, Sept. 17, 1907, p. 786 of the record.)

Several times in this case (p. 9598) attention has been called to the statement of the New York Court of Appeals that detectives are always employed to get evidence, and they get it, often without facts to sustain it, and this accounts for the suspicion which attaches to that kind of testimony. Such evidence is the basis of this alleged "historical sketch." If the committee desires a true and impartial historical sketch of the institutions organized by Mr. E. G. Lewis, it will be furnished.

Even if the representations of the so-called "historical sketch" were all true, it would make no difference with this case. It is not a question of whether the institutions are as represented, but whether the Postmaster General and his assistants exceeded their authority and violated the laws of the United States and conspired to wreck some of those institutions. That is the question. If the institutions were as charged, it would not authorize lawless and improper acts on the part of those officials. It may be remarked, too, in this connection, that no law yet enacted by Congress constitutes the Postmaster General or his inspectors, or both cooperating, judges as to whether

private enterprises are sufficiently profitable to continue or whether they are properly managed or whether they are practical, etc., as the officials assume to judge in this case.

UNIVERSITY CITY.

It may not be amiss to invite the attention of the committee to the circumstance that this "historical sketch" omits mention of one Lewis institution, namely, University City, Mo. The committee itself visited this residential suburb of St. Louis, saw its parks and boulevards, and if it made any comparison with other residential sections in and around St. Louis, it must have been impressed with what Lewis had there wrought out of what was once a cow pasture. This little city is now built up with high-class residences. The people who reside there have, election after election, unanimously voted its founder, E. G. Lewis, mayor, as an expression of their confidence and recognition of his talents.

UNIVERSITY CITY PLAN.

If this University City had been required to run the gantlet of postal investigations and decisions as to its "methods," whether it was legitimate, practical, profitable, and the like, as the other Lewis institutions have, its fate may be guessed. This enterprise, however, suffered something from the effects of the official campaign against all the Lewis enterprises. The so-called "University City plan" (see index) for the further beautification of University City and St. Louis combined was frustrated by the terror the post-office inspectors were able to instill into the hearts of every person who did business with E. G. Lewis.

FORMAL BILL OF COMPLAINT AND THE DEPARTMENT'S ANSWER.

In chapter 2 of the brief for the department the several allegations in the formal bill of complaint are taken up and an alleged answer, sometimes plausible and sometimes false, is recorded to each. The attention of the committee is respectfully called to the fact that these so-called answers are full of such misleading devices as half stating the case, misrepresentations as to the law and regulations, as to the purport of decisions of the courts, legal opinions, alleged "constructions" of law invented for this case alone, and that the whole is unreliable and an unworthy guide to a just judgment on the bill of complaint. A few brief illustrations will suffice to discredit the whole:

"SECOND PHASE OF THE INQUIRY."

On page 9783, in the last paragraph, it is said:

It has already been shown that the second phase of the inquiry was begun in September, 1905, because of additional complaints filed against the company, and that it was the duty of the post-office inspectors to take cognizance of all violations of law by the Lewis Publishing Co., or anyone else.

Mark the subtle phrase "second phase of the inquiry." This is to create the impression that the inquiry, or rather inquiries and investigations, instituted by Fulton, in September and October, 1905, were merely a continuation of his "exhaustive inquiry into the publication methods of the Lewis Publishing Co." begun by him in March previous, and that there had been no decision on his findings in the report upon that "exhaustive inquiry." As shown, the company was cited to a hearing on the basis of Fulton's first report, and a comprehensive decision was made thereon by the "proper officer." This decision was suppressed and the company kept in ignorance thereof. The suppression, of course, facilitated the institution of the "second phase of the inquiry." Inspector Stice described the suppressed decision in the record as an "attempted decision." It is not difficult to imagine that if the decision had been against the company it would have been approved and handed down in the regular way. But the proposition for "concerted action" did not work out right.

In the quotation given it is alleged there were "additional complaints" filed against the company. Where are those complaints? They are not shown in the record. But it will be remembered that Fulton was conducting a "quiet inquiry" among the company's patrons, fostering and soliciting complaints.

"DUTY OF POST-OFFICE INSPECTORS."

Concerning "the duty of post-office inspectors to take cognizance of all violations of law," it is one of the complaints in this case that they manufactured laws and manufactured violations of them out of whole cloth, which alleged laws and alleged violations did not exist in fact, and that they were able to do do this by ignoring the properly constituted officers in the department. Who should determine but the properly constituted officers in the department whether laws were violated?

ANOTHER HEARING.

On page 9796 "it is the department's contention that in reaching a conclusion as to whether there was a hearing (that is to say, on April 30 and May 1, 1906), the intention of Congress, as expressed in the

act of 1901, should be borne in mind, and the whole record of the case examined. When the complainant charges that the publications were excluded from the second class of mail matter, without a hearing, the reason is not apparent why he ignores entirely the hearing of June 17, 1905, which has never been challenged as a legal hearing, etc."

There is no doubt that the hearing on June 17, 1905, was a legal hearing. That has never been questioned. The company was entitled to know the result of that hearing, but the result was suppressed by Mr. Cortelyou. In his letters excluding the magazines March 4, 1907, he said he based his decision upon the hearing April 30 and May 1, 1906, forgetting that the record of that hearing showed that it was confined to the numerical question of excess copies.

On March 28, 1906, previous Assistant Attorney General Goodwin had advised Mr. Cortelyou that "The Woman's Farm Journal and the Woman's Magazine are entitled to transmission in the mails as second-class matter until they shall have been excluded from that privilege after a hearing according to law. There has been no such hearing, and no denial to either of the publications of second-class privilege."

SECRET SEIZURE OF 300,727 COPIES.

On page 9785, in the third paragraph, it is said:

The action of the postmaster was taken after he had consulted with the post-office inspector in charge, Fulton, and with United States District Attorney David P. Dyer, who advised him that it was his duty to detain them.

Mr. David P. Dyer, now United States judge, testified in this connection (p. 9669) that the copies were held up before he was consulted, and that in so much as they were represented to be evidence of violations of law, he advised the retention of them, but the brief for the department would have it understood that he advised the original abstraction of the copies from the mails.

The attention of the committee is invited to the act of 1872 (sec. 1608, P. L. and R.) forbidding under severe penalties the holding up of this mail matter. Postal Regulation (sec. 571, par. 2) required that if more postage were due upon any mail matter the postmaster should give notice to the party interested. None was given. The brief goes on and makes allegation that the postmaster did demand transient second-class rate on November 11, 1 month and 11 days after the holdup. Even if such a demand were lawful, which is denied, of what value would the magazines be at that late day? The brief says the detention was on October 11, 1905. Fulton in his letter of October 10, 1905, to the chief post-office inspector at Washington shows the detention had already taken place, and the indictment of December 1, 1905, states those copies were mailed October 1, 1905. The alleged investigation which was to justify the detention

was not begun until about two weeks after the holdup, and then it was found necessary to throw out expired subscriptions in order to reduce the subscription lists low enough to serve the purpose of the holdup already made.

The regulation 456, paragraph 6, which authorized the holding of excess mailings of sample copies (subscribers' copies were detained in this 300,727 lot) and the notification of the Third Assistant Postmaster General to such holding was not obeyed. There was no notice to that officer until five months after, March 15, 1906 (p. 896), when the ruling was called for which was doctored by Mr. Cortelyou as heretofore described. The regulation itself in that regard had been abandoned by the Third Assistant on advice of counsel that it contravened the statute, act of 1872. (Sec. 1608, P. L. and R.)

COURT'S DECISION IN HOMESTEAD CASE.

Again, on page 9789 the decision of Chief Justice Clabaugh in the *Homestead v. Cortelyou* case, decided April 16, 1906, is by furnishing an extract made to serve the purpose which, if the whole decision were furnished, would mean altogether a different thing. The committee is respectfully referred to the complainant's summing up (p. 9715) for a statement as to the purport of Justice Clabaugh's decision which will show that its application in the department's brief is not justified.

UNLAWFUL DETENTION OF LETTER MAIL.

On page 9790, referring to the holding up of 3,000 sealed letters mailed by the Lewis Publishing Co., December 1, 1905, it is said, "several of these letters were unsealed and bore no postage, and the examiner of the mails incidentally discovered in the course of his duties that the matter seemed to be of the kind described, and brought the unsealed and unstamped letters to the attention of the postmaster." As a matter of truth, the inspectors' "informant" who was operating inside the Lewis Publishing Co. plant advised them in advance of the intended mailing of these 3,000 letters, and an order was issued in advance for their detention when mailed. When they were deposited in the post office they were stored in bulk in a private room, and it was while they were there that they were tampered with and their contents examined into. They were not dealt with in due course of mailings as other mail matter. (See affidavit, Ex. No. 35, p. 1134, of 28 persons who attended the careful stamping, sealing, and mailing of these letters, and Johnson's affidavit, p. 9073.)

The detention and the examining into the contents violated two statutes, the one making it a penalty to so detain letters and the other forbidding under heavy penalty such prying into the secrets of persons using the mails.

ATTORNEY GENERAL'S OPINION, SUNDAY MAGAZINE CASE.

On page 10000, last paragraph, an effort is made to justify, on the basis of an opinion by the Attorney General of the United States, the immunity from compliance with the law by the so-called Sunday Magazine, published in New York. By the device of labeling the Sunday Magazine "part 3" of some ten or a dozen large newspapers in as many different cities in the United States it not only circumvents the statutory requirement of a list of subscribers but also the prohibition against "free circulation." The committee is asked not to rely upon the representations in the brief for the department as to the purport of the Attorney General's opinion in this case, but to see the opinion in its entirety. It is believed it will show that the Attorney General denounced the alleged Sunday Magazine "part 3" as not a legitimate part of the newspaper, but did say in substance, that the Postmaster General might possibly create a regulation which would permit the combining of a newspaper and a magazine in one; which meant, if it meant anything, that there should be a list of subscribers therefor, based on a combination of the two independent publications; not that one publication having secured second-class rating in its own right may be made the vehicle for carrying another independent publication free to its subscribers in defiance of the law requiring that there be a public demand for each publication expressed in the legitimate list of subscribers.

"MR. MADDEN."

Throughout the brief for the Post Office Department Mr. Madden's name is used *ad nauseam*. Rulings made by him when Third Assistant Postmaster General are mentioned or set forth to justify the acts complained of in this case. In this connection Mr. Madden for himself says that he is not certain that while in office his rulings and decisions were always just and proper. But he is certain that he did all in his power to make his decisions and rulings just and proper under the circumstances of each case. There was no discrimination. All publishers looked alike to him. The law is for all alike, and all in similar situations were treated alike. Approximately 300 decisions were made each working day. There was a large force in his office making decisions constantly, the majority of them in connection with the classification of the mail matter. Manifestly only a small part of them came to the personal attention of Mr. Madden. But all were being sent out over his name and official title, and were then, and are now, believed to be proper.

It would be out of place here for Mr. Madden to undertake to explain or to justify any decision or ruling made by him while in office. Mr. Madden's rulings are not complained of in this case,

except as to their suppression or doctoring, in the several instances recited, which deprived the Lewis Publishing Co. of its lawful rights and protections in the mails, as those rights and protections were administered to all other publishers. Furthermore, Postmaster General Cortelyou, assuming to act in the first instance, and as prosecutor and judge in one, left the company without the right of appeal to him in an unbiased state of mind in the event it were dissatisfied with any judgment rendered in the regular order by the officer having original jurisdiction, which judgment was subject to appeal to the Postmaster General.

The various insinuations, inferences, and the like intended to be drawn from the references to "Mr. Madden" throughout the brief for the Post Office Department are charged to be either without foundation or to misrepresent the facts. In so far as they are presented to justify the official acts complained of in the Lewis case they are out of place and ought not to have consideration. If the committee desires to ascertain whether Mr. Madden, while holding the office of Third Assistant Postmaster General, was guilty of any impropriety of ruling or otherwise, it is hoped it will make an investigation in that connection. Mr. Madden has not been called upon to make answer to any charge, and has made none. The committee is asked to disregard the inuendo contained in the brief for the department, as beneath the dignity of a Government document.

Mr. Madden undertook the development and presentation of this so-called Lewis case as a duty, on the one hand to expose to view unwholesome conditions of administration in a great department of the Government, at once a public menace and a debauch of governmental integrity, and, on the other hand, to do what was in his power to secure reparation for the 18,000 stockholders of the Lewis Publishing Co., the 28,000 stockholders of the People's United States Bank, and the 80,000 members of the American Woman's League who have been made to suffer wrongfully, wantonly, and cruelly. There is no statute or statutes in existence under which these institutions could have protected themselves from the official operations complained of to this committee, and the moral obligation now rests upon the Government to make suitable reparation.

In presenting the so-called Lewis case Mr. Madden anticipated the attacks of the officials, past and present, thus brought to bay. He knew those malefactors would squirm when the light poured in, and that they would retaliate with assaults upon him, that they would misrepresent him, would put words in his mouth that he never uttered, and otherwise do all in their power to discredit and weaken him. It is no small matter for one single handed to incur the enmity of such a number of officials who are able to move the powers of the Government in an assault upon their accuser in order

to obscure their own wrongdoing. Only one thrice armed with a just cause and with truth on his side could withstand it, for one with God is a majority. This committee, and Congress, and the American people will surely reserve their judgment on charges against one who bears the burden of such a warfare until he has made his response.

MR. MADDEN'S "ANIMUS" TOWARD MR. CORTELYOU.

On page 10006 of the brief for the department it is said, "Wherever in his brief Mr. Madden deals with the official acts of ex-Postmaster General Cortelyou his animus toward the latter is clearly apparent, and the reasons therefor will be manifest when it is recalled that Mr. Cortelyou felt called upon under his sense of duty to ask for Mr. Madden's resignation as Third Assistant Postmaster General," etc.

Mr. Cortelyou had no power in himself to ask for Mr. Madden's resignation, because of the disagreement between them. The office of Third Assistant Postmaster General is presidential. What Mr. Cortelyou did was to secure the ear of the President. What he said must be left to imagination. The President authorized him to ask for Mr. Madden's resignation, but on behalf of the President. The President made no inquiry into the merits of the dispute. The President told Mr. Madden on his retirement from office that he had his confidence, but that he felt in the dispute between him and Mr. Cortelyou he should sustain the head of the department.

Mr. Madden further responds to the above quotation by saying that when he assumed the office of Third Assistant Postmaster General he took a solemn oath to "well and faithfully discharge the duties of the office" which he entered upon. That he did discharge the duties of that office for six years to the satisfaction and approval of Postmasters General Charles Emory Smith, Henry C. Payne, and Robert J. Wynne, prior to the coming of Mr. Cortelyou. None of those Postmasters General, under the mask of performing a duty, took individual cases out of their natural order and into their own hands to punish or to favor citizens who offended or pleased them. None of those Postmasters General sought to secure from Mr. Madden discriminatory rulings and decisions as Mr. Cortelyou did. None suppressed or doctored any decisions or rulings made by him as Mr. Cortelyou did. They were honest men. They held aloof from meddling in the duties assigned by regulation to the several Assistant Postmasters General, but were open to appeal of any of the decisions of any assistant in the regular way, as provided by the postal regulations. There were such appeals to those Postmasters General from the decisions of the Third Assistant, but their judgments approved the decisions which had been made in every instance.

Mr. Madden knows that he enjoyed the respective confidence of those Postmasters General and of the publishing world. Many

publishers did not agree that the administrative reform of the abuses of second-class mail matter should be undertaken. The long continuance of the practices now designated abuses gave them, in their opinion, the sanction of law, and no interference was justifiable, except legislative.

When in office Mr. Madden felt that he was a public servant temporarily representing the people, and that it was his duty to administer the law uniformly and impartially, according to his judgment on the facts and circumstances in every case, and that it was quite as much his duty to the Government to see that no injustice was done in its name through his bureau to any citizen.

The congressional commission of 1906 which examined into the second class of mail matter, speaking of Mr. Madden in contrast to Mr. Cortelyou, said:

The present Third Assistant Postmaster General, whose energetic enforcement of the existing statutes deserves the highest commendation from an administrative point of view, was the first at the commission's hearings to insist upon the great possibilities of injury inherent in the present system, and the fact that changes in the Executive might either undo all that had been accomplished by way of reform, or, on the contrary, by even more drastic exercise of the discretion lodged in the Post Office Department inflict incalculable injury upon the publishing business.

Robert J. Collier, speaking before that congressional commission on behalf of the Periodical Publishers' Association of America, discussing Mr. Madden in contrast to Mr. Cortelyou, said:

I could not but be impressed by the sincerity and the straightforwardness of Mr. Madden's presentation of his subject. I think no fair-minded man could read his address without feeling that the abuses of which he complained were real abuses; that he was matched in an unequal combat; that he no sooner scotched one evil when another reared its head. And I could not fail to see in him the best type of public servant, absorbed in his work, fighting for the efficiency of his department.

Mr. Madden believes a public office is a public trust, and that he who violates that trust should be pilloried as an enemy of the people and a destroyer of government, and that it is now his duty as it is the duty of every man to the people and to the Government to do what he can to turn the light upon such cases.

Mr. Madden believes that Mr. Cortelyou abused his public trust, and that the evidence in this case proves that he did so. If, therefore, Mr. Madden's appearance in this case, or anything said by him in his brief, or otherwise in presenting the case, be regarded as "animus" toward Mr. Cortelyou, let Mr. Cortelyou and his defenders make the most of it.

ONE FAIR STATEMENT IN DEPARTMENT'S BRIEF.

On page 10010 the following appears: "If the denial of this rate (the 1 cent a pound rate to the Woman's Magazine and Woman's Farm Journal, March 4, 1907) was without justification and it resulted

in the failure of the company, the Post Office Department is responsible for the damages caused by such action."

Throughout the record the summing up for the complainants and in this rejoinder there is overwhelming proof and showing that the denial of that rate was without justification, and that it resulted later in the failure of the Lewis Publishing Co. Even if the action were justifiable to be taken at the time, which clearly it was not, it was taken in a most lawless manner, without a moment's notice, in utter disregard of act of 1901 requiring a hearing under any and all circumstances. Mr. Cortelyou said "I could not wait." The purpose of the hearing required by that act is manifestly to apprise publishers of the grounds for any proposed action, and quite as manifestly if the grounds for the proposed action be removed the action may not legally be taken. The law is for the protection of publishers. The complainant is thankful that those representing the department are fair enough to have made this admission.

COMPLAINTS AGAINST A FEW, NOT ALL.

As one rotten apple in the barrel casts suspicion on the whole, so it is that a few men in a particular branch of a public service when found to have abused their authority and powers bring suspicion and distrust upon the whole. The complainants in this case are not charging the whole Post Office Establishment and the whole Department of Justice with wrongdoing. Far from it. If, in the course of the presentation of this case, it has been necessary to say things which seemed harsh or which seemed to exhibit animus toward some public officials, it is not to be taken that all are considered bad.

The complainants desire to have it understood that they are complaining only of a few, and that they honor and respect the great mass whose devotion to duty and the proper, lawful discharge of their respective offices is both a credit to them and the Government. There are thousands upon thousands of men in the public service who can not be bought or be influenced to do wrong or to misuse their powers and authority. Among them are many high-minded and intelligent post-office inspectors, who deprecate the fact that their great service has been degraded into a spy system by the incorporation into it of unworthy men serving other unworthy men higher up, some of whom have been exposed in this case.

CONCLUSION.

The time is up, and the "brief for the Post Office Department" must be allowed to pass without the additional attention which should be given to it in a number of ways. Since many matters must be passed here, it is hoped the committee will consider thor-

oughly in connection with the formal bill of complaints and the informal complaints, the complainant's summing up in its entirety (Doc. No. 70), pages 9571 to 9741, inclusive, supplemented by this rejoinder, especially with regard to the cases of the People's United States Bank, the Lewis Publishing Co., and the American Woman's League.

The complainant does not wish to complicate the presentation with discourses upon the various other Lewis enterprises, which were the subjects of so much official attention and which enter incidentally into the case and the charges against the officials. Nor does the complainant wish to devote space to further showing of the unreliability of the defendant's "accusing finger," which has worked so much overtime for years back, at great cost to the Government, in the bringing of numerous indictments against E. G. Lewis from misuse of the mails. The failure of that busy "accusing finger" so far to secure a single vindication speaks for itself.

This committee is respectfully urged to adopt the complainant's statements in the summing up (Doc. No. 70, pp. 9571 to 9741 of the record) and in this rejoinder as a true presentation of the laws, of the opinions of courts, of the facts, and of the evidence in this case; and the committee is respectfully asked to make findings in accordance with the recommendations in the summing up, and to make such further findings as may to it seem proper.

Respectfully submitted.

EDWIN C. MADDEN,
Attorney in Fact.

SUPPLEMENTAL.

Since the completion of the foregoing rejoinder, I have received a communication from Mr. E. G. Lewis on the subject of the "brief for the Post Office Department." Mr. Lewis is particularly incensed because of the repetition therein of the mass of statements, allegations, etc., concerning the financial affairs of himself and his institutions, which have repeatedly been shown to be wholly false or inaccurate one way or another. In spite of illness and the limit of time upon him, he has undertaken to deal with a few of those statements, because he believes that the "brief of the Post Office Department" is really more designed for public use in the continuance of the campaign of damaging misrepresentations by the agents of the department, so as to prevent the rehabilitation of his enterprises, than as a brief for the committee. This, he thinks, is due to the determination to get some seeming justification of the high-handed official conduct, even at the expense of destroying the work of rehabilitation.

The matters to which Mr. Lewis's statement refers are not at issue in this case, but they show to the committee and to others in part the extent of the department's interference, surveillance, espionage, and the like of Mr. Lewis and his enterprises of recent years, and to which others may be subjected, unless action is taken to correct abuses of authority and power in that department. The reader will be impressed afresh, how without any legislation whatever, the Postmaster General has of recent years by some process of "interpretation" or "construction" enormously extended his field of operations into private affairs wholly disconnected with his duties to manage and direct the postal service; and with the price a citizen, who has offended the powers that be, may be made to pay for the use of the mails.

In so much as the department brief deals with these matters and is likely to be circulated to Members of Congress in general and to the public, to the injury of Mr. Lewis and his enterprises and the stockholders therein, although the truth thereof are not issues in this case, I crave the indulgence of the committee to incorporate Mr. Lewis's statement as a matter of personal right, to which he is fairly entitled, especially in view of the enormous prestige of the Government as against a private citizen or institution in the matter of credibility.

EDWIN C. MADDEN,
Attorney in Fact

SUPPLEMENTAL.

**PERSONAL STATEMENT BY
E. G. LEWIS.**

PERSONAL STATEMENT BY E. G. LEWIS.

THE WOMAN'S NATIONAL PUBLISHING CO.,
University City, Mo., January 1, 1913.

Hon. EDWIN C. MADDEN,
Washington, D. C.

MY DEAR GENERAL MADDEN: At your request, I have carefully studied and analyzed the summing up of counsel for the Government and I beg that you will request the indulgence of the committee to include in your rejoinder the following brief statement.

The counsel for the Government, in a prefatory note, acknowledges the valuable assistance of certain post-office inspectors in the preparation of his brief, and it is apparent to any one who is intimately familiar, as I necessarily am, with all the true facts in the voluminous record that this brief is still another instance in which the name of a reputable official has been attached to a tissue of deliberate, willful, and malicious misstatements, designed to becloud and obscure the actual issues. The members of the committee and of Congress can readily understand how well-nigh impossible it must be for an official charged with the great responsibilities of the Third Assistant Postmaster General to master the intricate detail of this record. Hence I trust it will be understood that the charge I am now making, that this brief is in itself the most injurious of the many documents prepared by the Post Office Department touching our matters, because it is designedly false and malicious, and manifestly concocted as a campaign document for popular distribution, rather than as a straightforward summing up of the case, is made against the inspectors and not against Mr. Britt personally.

It is, in effect, an attempt to perpetrate a fraud upon the committee and upon Congress and the country, because what purported to be statements of facts of record are most often willful, deliberate, and malicious perversions of the facts, made with malice aforethought by post-office inspectors who well know that the record runs to the contrary, and yet persist in embodying in this document charges that have been disproven time and again before this committee and before the courts of the land.

Advantage has been taken of counsel for the Government by these post-office inspectors to smuggle into the brief a multitude of these charges which they well know to be false and which have been repeatedly proven to be false, simply because this appears to be the last opportunity that they will have to defend their own conduct in a document to which they believed we would have no opportunity to reply.

If this brief is allowed to stand without its many falsities being exposed, it will become a standard campaign document of the inspectors for popular distribution in self-justification.

■ To clarify the situation, it may be said briefly that the committee's investigation, instead of being confined to the original charges against the Post Office Department, has been extended to cover a total period of 23 years and a vast multitude of transactions which are in no way involved in the original charges. This entire period may be divided into three separate stages—the stage or period of growth of our institutions, from 1899 to 1905; the stage of attack and destruction, from 1905 to 1907; and the stage of our attempts to rehabilitate our institutions, from 1907 to 1911, when the receivership proceedings were brought.

Our charges against the Post Office Department are concerned primarily with the second stage, viz, that of attack and destruction, from 1905 to 1907, and the record during the first period is of importance only as it throws light on the status of the institutions attacked and destroyed. What has happened subsequent to this period, during our attempts to rehabilitate our institutions, can not by any process of reasoning be made to throw any light upon the two principal charges which we have brought against the Post Office Department, viz, the fraud order against the People's United States Bank in July, 1905, and the withdrawal of second class entry from the Woman's Magazine and Farm Journal on March 4, 1907.

Yet a very large proportion of the summing up of counsel for the Government has to do with an alleged history of our institutions, which goes back to 1899 and repeats baseless charges which have been repeatedly shown to be without any foundation, and a still larger proportion has to do with the period subsequent to March 4, 1907, when we were striving to rebuild our wrecked institutions under the handicap of charges of fraud and numerous indictments brought against us in self-defense and self-justification of our destroyers.

It is wholly unnecessary to discuss here in detail that portion of the summing up for the Government which purports to be based upon the record touching the first two stages in the history of our affairs, and chiefly for two reasons: First, the record speaks for itself, and it would impose a needless burden upon the committee to refute charges which have already been refuted ad nauseum; second, because the summing up of the record on the principal charges against the Post Office Department falls to the ground by its own weight.

A single illustration may serve as an example of the technique of the inspectors in the mechanics of "making a case." Throughout the record the Development & Investment Co. is treated by them in two totally distinct and contradictory ways, according as best serves their purpose. When they seek to make the point that the Development & Investment Co. has sustained a loss, they are careful to discriminate between myself as an individual and the Development & Investment Co. as a corporation, and they endeavor to show that the alleged loss was sustained by the Development & Investment Co.'s creditors. When, however, they desire to draw the inference that the Development & Investment Co. made a profit, they take the ground that the Development & Investment Co. was only another name for myself and that the alleged profit was my personal "graft." This ambiguous and unfair method of reasoning permeates and vitiates the argument of counsel for the Government in relation to the Development & Investment Co. throughout the brief.

Another illustration may be found in the facility with which the testimony from the record as to the status of affairs at a given time is used by the inspectors to mislead the readers of this brief as to the status of affairs at some prior time, notwithstanding that in the interval—as the inspectors well knew—conditions had wholly changed. An instance and good example of the use of such tactics is found in the testimony of Mr. Putnam, as found on pages 9748-9749.

On page 9748 is given what purports to be the financial statement of the Development & Investment Co. in 1905, showing its stockholdings; on the opposite page is given what purports to be Mr. Putnam's testimony that the stockholdings were of little or no value. Mr. Putnam's testimony was given at the trial in 1911 and referred to the status of affairs in December, 1910, and yet it is made in this brief to appear that he referred to the value of these stocks in 1905, as shown in the statement on the previous page. During the interval the institutions whose stocks are listed as the assets of the development company in 1905 have been destroyed, as the inspectors well knew.

It would impose a needless burden upon the committee to particularize the many instances of similar tactics throughout this brief, which are indeed so numerous that to do so would require us to substantially rewrite that entire document.

There is, however, one reason, and one alone, which seems to require that some attention be given to the exhaustive summing up for the Government of the period of our attempts to rehabilitate our wrecked institutions subsequent to the attacks complained of. The basis of the Government's brief in this connection is found in the transcript of the evidence taken at my first trial at St. Louis in May, 1912, on charges covering financial transactions during this period. This trial extended over a period of six weeks, and when I took the stand at the close the jury was tired out, and all concerned were anxious to wind up the case as speedily as possible. Accordingly, in order to give the attorney for the Government opportunity to examine me exhaustively on all the charges, my direct examination was designed merely to open each of the various charges so as to give the counsel for the Government the widest possible latitude, and in return to give me the advantage of a broader and more exhaustive reply permitted by the rules of cross-examination. The district attorney, however, did not dare to accept this challenge and contented himself with simply saying, "We have no questions that we wish to ask."

Therefore, at the retrial of this case in October and November, 1912, my direct examination was extended over a period of nearly four days and full testimony was given as to all the minutia of the various transactions involved. As a result, I was acquitted of all the charges concerning the 7 per cent notes, and the foreman reported that the jury stood 9 to 3 for acquittal on the remainder of the charges, the charges in this indictment fully covering every charge made by the Government and its inspectors respecting the financial transactions in the period subsequent to the destruction of our institutions by the suppression of the magazines in March, 1907.

The inspectors whose assistance in the preparation of this brief is engaged by the counsel for the Government were present throughout this trial and are perfectly well aware of the true facts, yet notwithstanding they deliberately repeat these same charges, including those

relating to the 7 per cent notes, as to which I was completely acquitted, and they totally ignore many facts which were fully established at the retrial, and the evidence concerning which has not been and can not be contradicted or refuted. For this reason it seemed necessary in fairness to state as briefly as possible the history of these recent financial transactions.

The counsel for the Government is, of course, perfectly well aware that these charges concerning transactions subsequent to the fraud order against the People's Bank and the withdrawal of second-class entry from the two magazines are no defense against those two acts of official oppression. So far as our charges against the Post Office Department are concerned, any such retroactive argument falls to the ground by its own weight. The only effect of the great emphasis placed in this brief on the failure of our efforts to rehabilitate these institutions and the consequent loss to the investors is to distract the attention from our just grounds of complaint. The real facts, however, are the greatest possible justification of our complaints against the Post Office Department, because our inability to rehabilitate our institutions, notwithstanding the enormous sums of money raised and invested in them, proves how complete was their destruction.

The indictment which was first tried in May, 1912, and retried in October and November, 1912, appears in the record. (Ex. No. 481, p. 4503.) It embraces four alleged schemes, viz: 1. Certain issues of 7 per cent notes of the Lewis Publishing Co. 2. Certain issues of 6 per cent notes in the University Heights Co. 3. The sale of certain preferred stock in the Lewis Publishing Co. 4. The sale of E. G. Lewis debentures. All these were simply efforts upon our part to rehabilitate our institutions. Their failure was due primarily to the loss of prestige resulting from the fraud order against the People's United States Bank and myself personally, and the withdrawal of the second-class entry from the two magazines. Our belief that we could succeed in these refunding operations was due to the continued confidence and support of our former friends and readers. Our eventual failure was due to the loss of our banking credits and to the fact that the general public, that is, those who had not been previously familiar with our affairs, were deterred from supporting us by the charges of fraud and indictments brought against us by the Post Office Department.

The history of these affairs is succinctly as follows:

Immediately after the withdrawal of the second-class entry from the two magazines on March 4, 1907 (i. e., in June, 1907), we announced an issue of 10 months 7 per cent notes of the Lewis Publishing Co. to the amount of \$250,000. These notes were sold during the summer of 1907 to the amount of approximately \$100,000, secured by a series of small mortgages on vacant lots and improved property owned by the Lewis Publishing Co. and by me personally. The funds thus secured were used in holding together the organizations of the Lewis Publishing Co. in anticipation of the reentry of its magazines to the mails, and in the extraordinary expense of litigation. The remainder of this issue to the amount of \$150,000 was sold during the fall and winter of 1907 and 1908 and was secured by a mortgage for \$150,000 placed on the Woman's National Daily Building in September, 1907.

In March 1908, we announced a further issue of the Lewis Publishing Co. 10 months 7 per cent notes to the amount of \$450,000, secured by first mortgage on the Woman's Magazine Building and press rooms, exclusive of machinery and plant. This was prior to the rebuilding of the press rooms, which occurred in the summer of 1908 and added about \$125,000 in value to the security. The buildings of the Lewis Publishing Co. were constructed at a cost of \$525,000 for the Woman's Magazine Buildings, plus \$125,000 for the rebuilding of the magazine press rooms. The cost of the Woman's National Daily was approximately \$150,000, the 8 acres of land occupied by the sites of these two buildings being appraised at various times at from \$20 per foot upward. But an opposite corner sold at auction recently at \$90 a foot, and the company at one time offered \$300 a front foot for an adjacent corner and was refused. A fair valuation would be \$100 a front foot, making the value of this land approximately \$166,000.

These mortgages were placed upon the company's property, and the money obtained from these notes was invested in the company's business for the sole purpose of reestablishing its former prosperity and protecting the investment of its 20,000 stockholders. The great bulk of the notes were sold to persons who were already investors and had put in more money to protect that which they already had invested.

The last of the 7 per cent notes of the Lewis Publishing Co. on the \$450,000 mortgage were issued in 1908. Meantime, in July, 1908, the People's United States Bank was reorganized under the name of the People's Savings Trust Co. A meeting for this purpose was held at the home of ex-Gov. Lon V. Stephens by the board of directors of the former bank, and the same persons became the board of directors of the new institution. The prospectus of the People's Savings Trust Co. was elaborated with great care by Mr. Louis B. Tebbetts, formerly vice president of the Commonwealth Trust Co. of St. Louis, and the manuscript prepared by him was submitted to and identified by him while on the stand in the recent trial. This prospectus was submitted to all of the directors and approved by them. It announced the express purpose of the trust company to be the refunding of the indebtedness of the crippled institutions, by means of two issues of 5 per cent bonds, one to the amount of \$1,200,000 on all the property of the Lewis Publishing Co., including the good will of its publications; the other an issue of \$1,300,000 in 5 per cent bonds on the land of the University Heights Co. for the express purpose of raising money with which to enable us to take up our prior obligations, as well as to develop the land and place it upon the market.

Accordingly, we announced on August 20, 1908, that thereafter the 7 per cent notes would be issued in a different and improved form as the straight note of the Lewis Publishing Co., convertible at maturity into the stock of the People's Savings Trust Co. at the original subscription price of \$160 a share. These were the so-called Series A unsecured notes, of which a total of \$442,543.80 were issued for cash prior to December 22, 1908. On or about December 23, 1908, the form of this note was changed to conform to the increase of the subscription price of stock in the trust company from \$160 to \$200,

and of this form of note, known as Series B, unsecured, \$145,565.68, were issued up to April, 1909.

The so-called unsecured notes were not subscribed, as charged by the inspectors, because they were supposed to be mortgage notes, but were taken by persons who desired to obtain the stock of the People's Savings Trust Co. and who took these notes in order to obtain the privilege of converting them into the stock of the trust company and to secure the 7 per cent interest during the 10 months' period. In other words, the incentive to purchase the so-called unsecured 7 per cent notes of the Lewis Publishing Co. was the subscription rights of the stock of the People's Savings Trust Co. which they carried, and the large subscription was due to the announcement of the plan of the People's Savings Trust Co. in the Woman's National Daily rather than to the advertisement of the 7 per cent notes themselves.

The inspectors, after canvassing the thousands of investors all over the United States, were able to produce at the trial only a half-score witnesses who professed that they failed to understand these matters, and the jury acquitted me of any fraudulent intent or purpose in relation to these transactions.

The total issue for cash of the 7 per cent notes of the Lewis Publishing Co., according to the expert accountant for the Government, was \$1,216,223.61, of which \$628,114.13, according to the Government, were secured by first mortgages and the balance unsecured, except as they were protected by the equity in the property and good will of the Lewis Publishing Co. in the event of liquidation. The physical assets of the Lewis Publishing Co. are stated by Westermann, Trader & Co., expert accountants, as of March 31, 1907, at a book value of approximately \$1,000,000. Of this, buildings and real estate represented about \$700,000, and machinery and equipment \$300,000 additional. The current assets are stated at about \$3,000,000, or a total of approximately \$4,000,000, with liabilities exclusive of capital stock of only \$165,000.

The People's Savings Trust Co. in its official prospectus having proposed a bond issue of \$1,200,000 on this property, the 7 per cent notes were regarded merely as a temporary measure to finance the company pending the issue of these bonds. Hence, the total issue, both secured and unsecured, was limited by the amount of those bond issues. When that limit was reached and it was found that the subscription to the capital stock of the trust company, on account of the unfavorable publicity resulting from the fraud order of the People's United States Bank and suppression of the magazines, could not as yet attempt the issuing of the proposed bonds, it was necessary for us to turn elsewhere for additional funds. These funds were needed, not only to continue the process of rebuilding the magazines in the face of the loss of prestige which they had suffered and the competition of powerful rivals which had grown up during the period of prostration resulting from the exclusion from the mails, but also to take up the 7 per cent 10 months' notes of the Lewis Publishing Co., which were now falling due in large amounts and required to be refinanced.

University Heights 6 per cent notes.—Accordingly, in March, 1909, we announced a proposed total issue of \$3,600,000 6 per cent notes of the University Heights Co., to be based upon a total of 100,000 front feet of real estate owned and to be acquired—in part

from the proceeds of the notes. The greater part of this real estate was the property of the Development & Investment Co. and myself personally. The sale of the 6 per cent notes was designed in part to enable the University Heights Co. to take over this real estate from the Development & Investment Co. and myself personally, and thereby to provide me with funds with which to take care of my trustee notes and other obligations assumed by me in connection with the liquidation of the People's United States Bank and also to advance funds as needed to the Lewis Publishing Co., the Development & Investment Co. being a heavy holder of the Lewis Publishing Co. stock. The transcript of evidence at the first trial, which is printed at length in the record, demonstrates beyond cavil that all the credits which were passed to the account of the E. G. Lewis estate or to me personally were taken by advances on intercompany accounts; and the money was actually used in the business of the several companies and on their behalf. None of it was used by me personally except my salary. Two-fifths of that was never drawn by me personally, but was specifically set apart to offset advances to investors who were in special need of funds and for similar purposes. A large part of the remainder was also used by me in the same way. Both Mr. Putnam, formerly treasurer of the Lewis Publishing Co., and a Government witness at both trials, testified on this head, at page 7547 of the record, as follows:

The money which was loaned to the Lewis Publishing Co. by the University Heights Co. were those funds which were raised in the manner described here upon this E. G. Lewis property originally?

Answer. Yes, sir. (Government Witness Putnam.)

John H. Williams, controller under the reorganizations, made a special inquiry on this subject and testifies, on page 3969 of the record, as follows:

I checked up his (E. G. Lewis) personal accounts and things of that kind to verify it, so that my statements may have some body to them, and I can't find that Mr. Lewis has in any case profited financially in any way.

There is not a line in the record in contradiction of this testimony. It stands, therefore, uncontroverted, and yet this brief, at page 9935, makes the following statement and repeats these charges a second time on page 9881:

However, the data in hand show that at least \$2,500,000 has been spent by Mr. Lewis for his personal benefit.

The total cash subscriptions were received on the University Heights 6 per cent notes in the period from March, 1909, to December, 1910, to the amount of \$1,180,881.38. In accordance with the original announcement, none of the 6 per cent notes were actually issued until the month of February, 1910, approximately one year after the subscription books were open. The notes, however, bore the dates on which the subscription money was received, and interest was calculated from that time. The interval was required to survey the land and make the negotiations which were necessary to take up the underlying mortgages. It was originally intended to include sections 4 and 5 in one tract under a single mortgage. Several months' delay was occasioned by the fact that the first survey proposed was not feasible and the second survey had to be made and a

new plat prepared. Further delay was occasioned by the absence of Mrs. Alice Von Verson, holder of one of the original mortgages, in Europe, and the necessity of obtaining her signature to the legal papers. For these reasons it was finally decided that it was not wise to further postpone the filing of the mortgage on section 5 and the issuance of the notes. Accordingly, the underlying mortgages were taken up on section 5, a tract of 71.82 acres, and notes to the amount of \$537,000 were issued on this tract, secured by a first mortgage deed of trust. In the emergency caused by our inability to take up the underlying mortgages on section 4, a tract of 67.68 acres, adjacent to section 5, on account of the absence of Mrs. Von Verson in Europe and the delay in platting, it was decided on February 14, 1910, to place a trust agreement on a portion of the fully improved sections 1, 2, and 3 embraced by a first mortgage given the Metropolitan Life Insurance Co. of New York, originally for \$400,000, which had been reduced to about \$300,000, and to issue against this trust agreement a total of \$500,000 income notes, known as Series A. The necessity for this change in the original plan, which had not been anticipated during the period—only the 6 per cent notes were being advertised as first-mortgage notes—and which could not therefore have been explained previously in the *Woman's National Daily*, because it was unpremeditated, was fully explained in a large pamphlet called "Preparing the way," which appears in the record at page 7508. Copies of this pamphlet were forwarded to all the subscribers of the mortgage notes to whom the first-mortgage notes on section 5 could not be sent. This pamphlet was accompanied by a circular letter giving the subscribers the option of canceling their subscriptions and receiving back their money or accepting the income notes. (See especially the section headed "Six per cent income notes," at p. 7514 of the record.)

It was believed at the time that the income notes on the fully improved sections 1, 2, and 3 were really a better security than the first-mortgage notes originally offered, and this still seems liable to prove to be the case.

About this time numerous applications were received for the preferred stock of the University Heights Co. The total amount of the University Heights preferred available was oversubscribed about two for one. Accordingly, the subscribers were allotted one-half the amount of their subscriptions in University Heights preferred and the balance was made up in straight notes of the University Heights Co. to the amount of about \$178,000, these University Heights 6 per cent notes being known as Series B, and the option being given in the letter accompanying them of accepting or refusing them with the refund of the money.

There still being a small oversubscription, a trust agreement similar to the trust agreement on sections 1, 2, and 3 was placed on section 4 on August 23, 1910, and a total of about \$75,000 of these notes was issued to subscribers. This trust agreement was placed with the People's Savings Trust Co., in consideration of agreement on their part to take up the underlying mortgages, and the balance of these notes were accepted by the trust company as collateral. The trust company did not, in fact, take up the underlying mortgages on section 4, but they are responsible for so doing, and these

mortgages are in no way an obligation of the University Heights Co., since there is a special deposit with the trust company to pay these mortgages.

The Government's accountants show a total issue of University Heights 6 per cent notes of \$1,994,000 in round numbers, as against a total cash subscription of \$1,180,000. The difference is accounted for by the cancellation of notes and notes held by the People's Savings Trust Co. and others as collateral, but not issued on cash subscriptions.

Sections 4 and 5 were appraised at the time these notes were issued by competent real estate experts, such as Gruner, Holbrook, and Rule, at from \$5,000 to \$6,000 an acre, unimproved as acreage property, or from \$25 to \$30 per front foot, and that the improvement of the land would add to its value at least double the cost of the improvement. We were considerably more optimistic as to the value of the land and believed that it would be worth an average of at least \$50 a foot when fully improved. We, however, based the mortgages on an average of only \$36, of which \$6 per front foot was set aside for improvement.

A large part of the Government's brief is devoted to a discussion of the actual value of the land of the University Heights Co. The inspectors relied chiefly upon two things: First, the appraisals of real estate experts engaged by them in 1911 to testify in their behalf at the trial of the indictment; second, to an alleged admission made at the first trial by Mr. Holbrook of the real estate experts who had made the original appraisements for us. Obviously we were obliged to act in these transactions upon the appraisements given us by competent real estate experts at that time. We did not then have any means of knowing what other experts could be procured, or that five or six years later the conditions would have totally changed. The appraisals furnished us at the time these notes were issued, by such men as Gruner, Holbrook, and Rule, indicated in our judgment that the 30,000 front feet in sections 4 and 5 were worth approximately \$1,000,000 and the 18,000 front feet remaining in sections 1, 2, and 3 were worth something over \$1,000,000 more. The figures given by the Government experts at the trial were approximately half these amounts, or \$1,000,000 less; but we thought at the time that the figures upon which the notes were based were very conservative, and the men who appraised the land for us at that time are still of the same opinion.

Especial emphasis is laid in the Government's brief on Mr. Holbrook's testimony at the first trial. What he actually said and meant was that sections 4 and 5 were worth \$5,000 to \$6,000 per acre, viz, from \$24 to \$30 per front foot unimproved. By a very clever play upon words on the part of the Government attorney at the first trial, which any lawyer will clearly understand on reading the record at pages 8205-8206, Mr. Holbrook was placed in a position where he felt logically obliged to agree to deductions which he knew were not correct and which he repudiated under oath at the retrial in October and November, 1912. On a cross-examination, Mr. Holbrook stated that the improvement of acreage property would add twice the cost of the improvements to the value of the land; hence if improvements cost \$10 per front foot, they would add \$20 per front foot to the

values. By a clever play upon words, which the district attorney was pleased to call "figuring backwards," (see p. 8211), Mr. Holbrook was made to testify that twice the cost of improvements should be deducted from his appraisal of the unimproved land. Thus his appraisal was \$24 to \$30 per foot unimproved, and his estimate of the cost of improvements \$7, which would add \$14 per front foot to the value, making the total value \$38 to \$44 per foot. By "figuring backwards" the district attorney gives Mr. Holbrook to deduct the \$14 per foot for improvements from his valuation of the unimproved land, thus making his valuation appear to be from \$10 to \$16 per foot. This Mr. Holbrook at the second trial denounced and repudiated, and reaffirmed his former appraisal of \$5,000 to \$6,000 per acre for the unimproved land.

Another important section of the Government's brief is devoted to the question of what became of the money from the 6 per cent notes of the University Heights Co.

Thus, on page 9881 of Mr. Britt's brief, he says, first, "that the University Heights Co. received \$952,000 from the sale of these notes;" second, "that the company's exclusive purchase of real estate was the Teasdale tract for \$60,000, on which but \$10,000 was paid." The following being the words, "but paid thereon only \$10,000," and Mr. Putnam testified that from the proceeds from the sale of these notes this was all that was expended by Mr. Lewis in the purchase of additional land, although during that year the company received thereon \$900,000 from the sale of the notes. In the announcement of these notes in August 11, 1909, issue of the Woman's National Daily it was given as among the purposes to which the money was applied for University Heights Co. to acquire sections 4 and 5 belonging to Mr. Lewis and the development company.

Now, Mr. Britt having charged that only \$10,000 of the proceeds of these notes was used for the purchase of real estate, in the following quoted paragraph proceeds to charge that the University Heights Co. purchased from Mr. Lewis section 5 for \$448,000 at a personal profit to himself of \$233,000. In the next paragraph on the succeeding page Mr. Britt charges that in addition the University Heights Co. also purchased section 4 for the sum of \$422,323, making a total purchase of land of \$870,000 from the proceeds of 6 per cent notes out of a total amount of the \$952,000 worth of notes sold, having previously charged that only \$10,000 of the proceeds was used for the purchase of land and that Mr. Lewis "made a personal profit of \$616,690" from the sale of these lands to the University Heights Co. On the next page after charging me with having personally appropriated this profit, Mr. Britt charges that Mr. Lewis devised the 6 per cent note scheme "in order to meet these expenses and keep the Lewis Publishing Co. from falling into the hands of the receiver," and produces a further charge that \$753,000 of this money "was paid the same year to the Lewis Publishing Co." and that further "a total of \$953,019 from the sale of these notes was turned over to the Lewis Publishing Co."

In point of fact out of a total cash subscription of the 6 per cent notes of the University Heights Co. placed by the Government accountants at \$1,180,000 over \$1,000,000 was actually devoted by the University Heights Co. to the purchase and improvement of its real estate.

The principal items are as follows:

Paid for section 4.....	\$422, 323
Paid for section 5.....	448, 156
Paid for section 6.....	10, 000
On the Ames tract.....	10, 000
For improvements.....	71, 180
Reservation for improvement, at \$6 per foot, on deposit of the Peoples Saving Trust Co.....	98, 000
	<hr/>
	1, 059, 659

How can such perversion of the records as the above argument from the Government's brief be properly characterized?

The sale of the preferred stock of the Lewis Publishing Co. in the fall of 1908 was incident to the organization of the People's Saving Trust Co. Certain preferred stock of the Lewis Publishing Co. was sent in to the People's Saving Trust Co. to be exchanged for its capital stock. Meantime subscriptions of its preferred stock were being received by the Lewis Publishing Co. Had the proposed bond issue been carried into effect at this time the preferred stock sent to the People's Saving Trust Co. could have been paid for by them in cash from the proceeds of the bonds and the fund applied to the purchase of trust company's stock. It was then expected that this would be done in the near future; accordingly the Lewis preferred stock was held by the People's Saving Trust Co. and the subscriptions received by the Lewis Publishing Co. for its preferred stock were filled by the stock which was held in its treasury attached as collateral to my note given at the time of the reorganization of the People's Bank.

The inspectors insist upon referring to this stock as my personal stock, but it was in fact the treasury stock of the company and every dollar of the proceeds went into the business of the company.

The treasurer, Mr. Putnam, testified as a Government witness that I did not receive a dollar of this money.

The so-called debenture scheme was an attempt to refund the obligation of the various companies to the general public, excluding intercompany accounts and debts of the various companies to me personally. The inspectors claim that \$11,000,000 would have been required to carry out this plan, but Mr. Putnam, testifying as a Government witness, states that the total debt to the public was not to exceed \$3,750,000, and that no greater sum would have been required. (P. 7986 of record.) The effect of discharging the debt to the public of the various companies would have been to place all of their assets back of the debentures. Mr. Putnam further testifies that I gave instructions to have all my holdings in various corporations turned over to the debenture fund, and that these instructions were carried into effect. Of course, my holdings were subject to the indebtedness against them, but the purpose of the debenture was to refund that indebtedness so that these holdings would have come in free and clear as security for the debentures.

The St. Louis Star was purchased by me for the Lewis Publishing Co., as publicly announced and fully understood at the time. I purchased four-fifths of the capital stock and took an option on the remainder. The advances to the Star by the Lewis Publishing Co. were in its own behalf and not for my benefit personally. The idea was simply that the Lewis Publishing Co., being the sole creditor of

the Star, was virtually its owner, since if the Star was unable to pay its notes for the cash sums advanced it would have been obliged to turn over its assets to the Lewis Publishing Co. The Star was greatly improved under our ownership; a Sunday edition was added, and the circulation and advertising patronage greatly increased. Qualified experts have testified that its value was in the neighborhood of a million dollars, as stated by me in connection with the debenture proposition.

The best possible commentary on the financial transactions covering the period of the attempts to rehabilitate our institutions is found in the fact that they were all embraced in the last indictment which has been twice tried in the Federal court. Inspectors, after throwing out their dragnets all over America and producing all the evidence that they could amass, have utterly failed to convince a jury that these transactions were in any wise fraudulent. If the fact that the jury stood nine to three at the conclusion of the first trial, in which, on account of the refusal of the Government attorney to cross-examine the defendant, no testimony was given in contradiction on certain of the charges, is to be required as presumptive evidence against us—and these arguments are advanced in the Government brief—then we submit that the fact acquittal of any attempt to defraud in the matter of 7 per cent notes, and the jury stood nine to three for acquittal on the remaining counts and the indictment, would be considered as presumptive evidence of our innocence of this charge. And that should have been withdrawn, instead of being again paraded in the Government brief just the same as if we had not disproved.

Time does not permit of a full analysis of this brief, and we do not wish to ask the further indulgence of the committee, but we trust that for the reasons stated it may be possible for you to submit the above facts which are given under the oath as a witness before the committee in connection with your rejoinder.

Yours, very truly,

E. G. LEWIS.



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